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STATEMENT OF REPRESENTATIVE CHARLES C. DIGGS, JR. (D-MICH)
CHAIRMAN, HOUSE SUBCOMMITTEE ON AFRICA
BEFORE THE SENATE COMMITTEE ON FINANCE
ON EXTENSION OF THE SUGAR ACT

June 22, 1971

Mr. Chairman: I appreciate the opportunity to appear before you and submit this statement of my views on H.R. 8866, "The Sugar Act Amendments of 1971".

I am confining my presentation today to the statement of the reasons requiring a termination of the sugar quota for South Africa. This can be done by nullifying the provision in section 4 (3) of this bill for a 1.44 percentum proration for South Africa in accordance with the amendment submitted by Senator Harris (Amendment 163), that is by amending line 7, of page 7 of the bill, to provide that the proration for South Africa should be zero per centum and the proration for the other countries proportionately increased.

There is no political or economic justification for a sugar quota for South Africa. Moreover, a sugar quota for South Africa is directly in contravention of the very criteria set by the House Committee on Agriculture for determining whether foreign countries should be granted a proration. Finally, an analysis of the facts pertinent to the South Africa sugar quota demonstrates conclusively that there is no basis whatsoever for a sugar quota for South Africa.

Political Considerations

South Africa is the only country in the world where economic, social and political discrimination is the proclaimed policy of the Government and is instituted and implemented by law.

Apartheid, or the doctrine of separate development, means that 13% of the population of South Africa, that is the white population, is allocated by the law 87% of the land of the Republic.

Apartheid means that the Blacks, Coloreds and Indians -- denominated as non-Whites in South Africa -- cannot vote, have no political representation in their government, and are deprived of all political rights. South Africa is governed by an All-White Parliament, no member of whom represents the majority of the people.

Apartheid is a system whereunder the African by law is denied fundamental human rights. The Special Rapporteur of the Economic and Social Council of the United Nations has found that in South Africa the African has no freedom of association, speech, no freedom of religion or right to marry and no protection of his family life, no right to property, no freedom of movement or of residence, no rights connected with his work, no right to education, no freedom from slavery and servitude.

Apartheid is a system of repressive laws, such as the infamous Terrorism Act, permitting indefinite detention, without charge or trial, without access to any relative, friend, lawyer or clergymen, such as the Bureau of State Security Act under which an accused may be deprived of the right to give evidence in his own behalf, such as banning laws which permit the executive to place any person arbitrarily - even a person found innocent by the Courts -- under house arrest indefinitely, without charge or trial and without right of recourse to any court.

The United Nations has pronounced apartheid a "crime against humanity". In South Africa no one, black or white, is safe who questions the Nazi-like tyranny and subjugation of the people by the Government. No greater

potential threat to world peace exists. The United States cannot with impunity support apartheid.

Support of apartheid is a violation of the principles of the United States Constitution and of the United Nations Charter, which require that government be based on the principle of equality of peoples and on dedication to the development under law of the right of each person to labour, to work, to raise his family, to just treatment, and to educational, political and social advancement without regard to his race, color or religion.

Support of apartheid is an insult to the 25 million black Americans. It is in complete disregard of the true interests of the United States and is a serious erosion of United States foreign policy interests in Black Africa. Credibility demands that our pronouncements of abhorrence of apartheid not be made a mockery by our supporting apartheid morally and economically.

Finally, a sugar quota for South Africa represents support for a government which has been censured by the entire international community for its repression of its own people in South Africa and for its continued occupation by force of Namibia in defiance of the United Nations and of the rights of the people of that international territory.

Only by striking the sugar quota for South Africa can Americans indicate the repugnance we feel for apartheid in all of its petty viciousness.

In taking a stand against apartheid, but declining to support a solution by force, Secretary Rogers has emphasized the necessity of seeking a solution through the constructive interplay of economic and

social forces. I submit that this country must not economically undergird South Africa by providing the financial and economic support of a guaranteed market for its sugar and additionally the financial bonus of the premium price available under the United States sugar quota.

Economic Considerations

Clearly, a sugar quota provides economic assistance to the recipient country. South Africa is considered a developed country by all standards set by our own laws, the Foreign Direct Investment Act, the Interest Equalization Act, and Sub Part F of the Internal Revenue Code.

Moreover, South Africa is a land of diamonds and of gold with a highly developed scientific and engineering capacity, an advanced technology, and a fully operating industrial complex.

The sugar quota for South Africa is unique, since it is a developed country and, unlike Australia and Ireland, there are no special political reasons for allocating a sugar quota to it. In fact, there are compelling political reasons requiring that it not be given the comfort and support of a U.S. sugar quota.

A sugar quota allocation to a particular country can be justified on the grounds that financial support to that country is within our economic assistance objectives. Thus, support to the Black African countries is consistent with our foreign policy interest of helping to build viable self-sustaining economies in those countries, to some of whom the sugar industry is of vital importance to their economies and to their prospects for growth. None of these considerations apply in

the case of South Africa where the total exports of the sugar industry to all countries accounts for only 2.5% of its exports.

Economic considerations also require that the United States not support a country which in its labour practices does not endeavor to meet international standards and criteria for decent labor conditions. South Africa does not meet this test.

The Criteria Set by the Agriculture Committee

The House Agriculture Committee has stated that there are five "main standards against which individual country quotas are adjusted." South Africa fails to meet three of these five criteria!

The first is that a quota recipient be a "friendly government to the United States, including non discrimination against U.S. citizens in the quota country."

Another determinative factor is the "need of the country for a premium priced market in the United States including ... (b) its relative dependence on sugar as a source of foreign exchange and (c) present stage of and need for economic development."

Thirdly, a basic consideration is the "extent to which the benefits of participation in this market are shared by factories and larger land owners with farmers and workers, together with other socio-economic policies in the quota countries." This final deficiency will be treated exhaustively in the next section of this paper.

The criteria relating to the country's stage of economic development has already been discussed and under no economic criteria is South Africa eligible for U.S. aid.

South Africa's discrimination against U.S. citizens, including Congressmen is too well known to require reciting here.

The Facts as to the South African Sugar Quota

Under the sugar quota which South Africa received in 1962, South Africa has received extra profits from the United States totalling 37.3 million dollars. This is the sum of the bonuses for the years of 1962, 1965, 1966, 1967, 1968, 1969, 1970 and for the first quarter of 1971. In all of these years the price we paid to South Africa for sugar exceeded, sometimes by two-fold, the world market price. During the nine years since South Africa has had a U.S. sugar quota, there were two years, 1963 and 1964 when South Africa might have found buyers for its sugar at a higher price than the quota price, since the U.S. price for those two years was lower than the world price. Taking all nine and a quarter years into consideration, we find that the income advantage to the South African sugar industry from selling to the United States at U.S. premium prices has netted 34 million dollars to South Africa in foreign exchange.

The following chart shows the income advantage to the South African sugar industry from the U.S. sugar quota:

| | |
|-------------------|---------------|
| 1962 | 4.9 million |
| 1963 | -3.1 million |
| 1964 | - 1/4 million |
| 1965 | 7.6 million |
| 1966 | 4.9 million |
| 1967 | 4.9 million |
| 1968 | 5.5 million |
| 1969 | 3.9 million |
| 1970 | 3.9 million |
| 1971 (Jan.-April) | 1.7 million |

I repeat, in the past decade the United States has supported apartheid with a 34 million dollars bonanza.

But this is not the whole story, because the prices we have given thus far only reflect the premium South Africa has gained in dealing

with the United States. The actual support that South Africa has received from the United States under the sugar quota has been for a guaranteed market for more than one and a half billion pounds (1,629,291,299 lbs or 800,000 tons) of its sugar. The United States has paid South Africa \$105,734,662 for its sugar. To repeat, 105 million dollars is the figure at which we have subsidized apartheid. And as shown above, one third of this, or 34 million dollars, is a pure giveaway.

The breakdown on these totals is as follows:

| | | |
|-------------------|-------------------|------------------|
| 1962 | 190,187,237 | \$ 10,717,532 |
| 1963 | 254,766,674 | 19,667,988 |
| 1964 | 235,230,333 | 14,966,098 |
| 1965 | 221,332,937 | 13,586,402 |
| 1966 | 134,272,278 | 7,676,319 |
| 1967 | 150,977,858 | 9,278,900 |
| 1968 | 122,961,120 | 7,949,202 |
| 1969 | 123,263,076 | 7,869,021 |
| 1970 | 164,307,236 | 11,467,370 |
| 1971 (Jan.-April) | <u>31,992,550</u> | <u>2,555,830</u> |
| Totals | 1,629,291,299 | \$105,734,662 |

Let us put aside for a moment other factors militating against a quota for South Africa, such as political considerations of apartheid and the economic fact that South Africa is a developed country, and look at the sugar industry in South Africa itself to see if, nevertheless, there may be humanitarian reasons justifying a quota for South Africa. Such mitigating considerations would be based on a finding that the South African Black sugar grower reaps a meaningful benefit from the U.S. sugar quota.

Our first inquiry is to what extent the financial advantages of the quota sifts down to the African sugar grower.

South African sugar exports are handled through SASA (the South African Sugar Association) with the total price from sales to the United States at the quota premium prorated over the entire crop. Thus, we must look at the production figures for the African sugar grower to determine his participation in the profits from the U.S. sugar quota. The latest year for which we have full figures is 1969. (The SASA submitted figures for the number of growers for 1970, but we cannot use these because figures for productions are not included and it is this, the production figure, which makes the picture meaningful.)

The following is the breakdown for the number of growers by race for these years:

| | |
|---------------------------------|-------|
| Africans | 4,286 |
| Indians | 1,837 |
| White* | 2,127 |
| (*including 24 miller planters) | |

A breakdown of the figures on productions of these growers shows the following cane production:

| | |
|---|-----------------|
| Whites* | 15,491,000 tons |
| Indians | 948,000 tons |
| Africans | 383,000 tons |
| (*including 3,432,000 production of miller planters) | |

Thus, notwithstanding the fact that approximately two-thirds of the growers are African, the productions of the African growers is only about two percent of the entire crop. The figures are as follows:

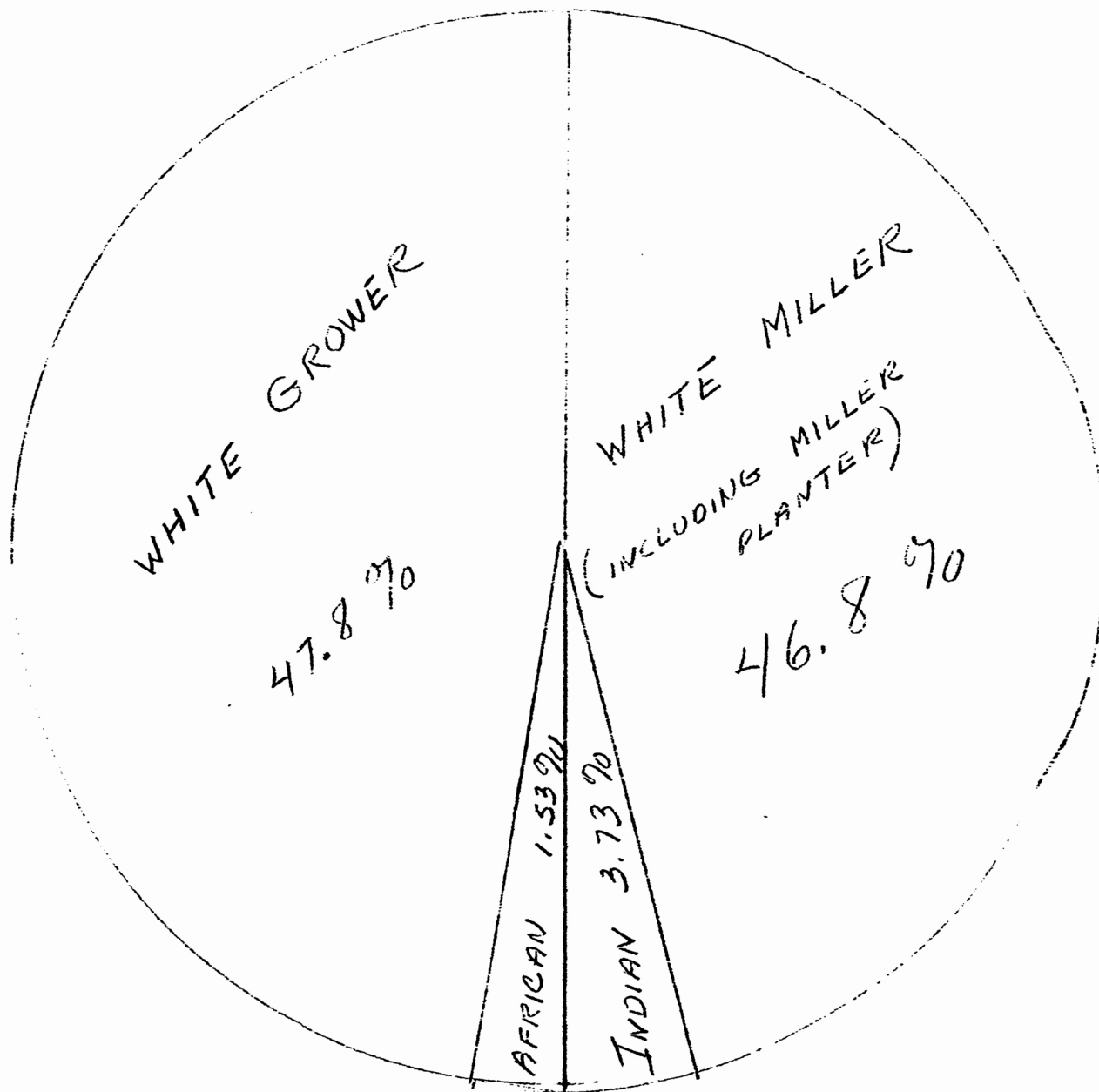
| | |
|--|-------|
| Whites* | 92.4% |
| Indians | 5.6% |
| Africans | 2.3% |
| (*including 20.7% of miller planters) | |

We understand from the submission of SASA to the House Committee on Agriculture that the proceeds on all sales of sugar are distributed so that two-thirds goes to the growers and one-third to the millers. So, if we look at the 3.9 million quota premium paid by the United States to the South African Sugar Association in 1969, we see that 1.3 million dollars went directly to the millers who are white and that 2.6 million dollars went to the growers. Since this amount is allocated to the growers in direct proportion to their production, and since 2.3 percent of the production is attributable to the African growers, we find that the African sugar growers received in toto \$59,800. There are 4,286 African sugar growers among whom this sum was to be divided. Carrying out the computation, we see that the African grower in 1969 received \$13.95 extra because of the U.S. sugar quota. Thus our sugar quota for South Africa means on the average of a \$1.16 a month for the African sugar grower.

The submission of SASA states that the premium price paid by the United States means an additional \$100 to the small grower who produces 500 tons of cane. Looking back at our chart, we find that the 4286 African sugar growers produced 383,000 tons of sugar in 1969 and dividing, we see that their average individual yield for that year was less than 90 tons. Thus, although the U.S. premium price may benefit by \$100 the "small grower of 500 tons", the African sugar grower is not such a "small grower".

To recapitulate, so that we can see the full picture of who benefits in South Africa from the sugar quota, the following chart is presented.

1969 Sharing in South Africa Sugar Quota Premium



The African sugar grower receives 2.3% (his percentage of the production) of the growers' share of two-thirds of the premium or ~~1.5%~~ 1.5% of the whole premium. Similarly, the Indian gets 5.6% (his proportionate production) of the growers' share of two-thirds, or 3.7% of the premium.

Thus, the actual share in the profit from the United States sugar quota was as follows:

| | |
|----------|-------------|
| Whites | \$3,689,400 |
| Indians | 145,470 |
| Africans | 59,800 |

The above picture and data graphically and conclusively demonstrate that a sugar quota for South Africa cannot be justified on the grounds that the African sugar grower is a meaningful participant in the premium distribution.

One other factor should be examined to determine possible justification for giving racist South Africa a sugar quota; for African workers comprise a large segment of the field workers in the South African sugar industry. The question therefore concerns the wage structure of the sugar industry.

The poverty datum line for Africans as set by the Johannesburg Associated Chambers of Commerce is \$103.00 a month. This signifies what is considered the minimum essential for an African family.

Since the available data on the wages paid to African sugar workers is not uniform, we will use the figures submitted by the South African Sugar Association - a figure which no doubt is most favorable to that association. This figure lumps together the operatives, semi-skilled laborers and the unskilled laborers. The average daily rate for all such workers is, as given by SASA only \$1.67 a day or \$41.75 a month. This figure which surely represents the optimal view of the wage structure situation is sixty-two dollars less a month than the poverty datum line.

Thus, no argument can be successfully advanced that the sugar quota for South Africa should be continued because it means decent

wages for the African workers in the sugar industry.

CONCLUSION

For all the above reasons it is not in the national interests of the United States to give South Africa a sugar quota, and I urge this Committee to terminate the sugar quota for South Africa by amending H.R. 8866 to provide that the proration for South Africa be a zero proration.

South Africa is anathema to the civilized community of nations and considerations of justice, of human rights and elementary decency dictate that assistance to that country which "denies the humanity of most of mankind" be ended forthwith.