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April 28, 1983

Hon. George W. Crockett, Jr.  
U.S. House of Representatives  
1531 Longworth HOB  
Washington, D. C. 20515

Dear George:

When the State Department authorization comes before the full committee next week, I urge you to support Title VII which places certain restrictions upon our economic relationship with South Africa.

This legislation which has won the support of the AFL-CIO, the U.A.W., the N.A.A.C.P., and the National Council of Churches has three parts: (1) establishment of a set of legally enforceable fair employment standards for American firms operating in South Africa with more than 20 employees; (2) a ban on U.S. bank loans to the South African Government, except for loans made for educational, housing, or health facilities which are available on a totally nondiscriminatory basis in areas open to all population groups; and (3) a ban on the importation into the United States of the krugerrand or any other gold coin minted or offered for sale by the South African Government. It was the subject of extensive hearings in the 97th Congress and was reported out of the Africa Trade Subcommittee by an overwhelming majority.

The fair employment principles set out in this rule are similar to the employment standards drawn up by Rev. Leon Sullivan and adhered to by many American firms in South Africa. Whereas the Sullivan Code is voluntary, however, this legislation prescribes penalties for noncompliance. Rev. Sullivan, who has been an extraordinarily committed advocate of racial justice in South Africa, has testified to the Congress that a mandatory code would considerably increase the effectiveness of his own efforts. By making fair employment principles mandatory, we would overcome two serious problems with the present approach: (1) a significant number of firms have not signed the Sullivan principles; and (2) many Sullivan signatories are not effectively implementing the code.

The legislation does not address the question of disinvestment by American corporations in South Africa, but it is based on the premise that our continued corporate presence can only be justified in the context of mandatory fair employment principles. The overwhelming majority of South African blacks with whom I have spoken believe that in the absence of disinvestment or a prohibition on new investments in South Africa, U.S. firms that remain in that country should abide by a fair employment code which eliminates racial bias and provides equal opportunity in the workplace.

Another component of this legislation is a ban on American bank loans to the South African Government or its parastatal institutions, except for any made for educational, housing, and health facilities which are available on a totally nondiscriminatory basis in areas open to all population groups. The South African Government has cited the American

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bank loans it has received as evidence of its international creditworthiness and respectability. In light of South Africa's perpetuation of the unconscionable apartheid system, I do not believe we should continue providing financial and psychological sustenance to the South African regime through these loans.

This provision on bank loans to the South African Government is consistent with the prohibitions on Export-Import Bank transactions in South Africa which the Congress enacted in 1978 under the Evans Amendment. The Evans Amendment bars the extension of Ex-Im Bank credit in support of any export enabling the South African Government to maintain or enforce apartheid, or in support of any export to the South African Government unless the President determines that significant progress has been made toward the elimination of apartheid.

The final provision of Title VII is a ban on the importation into our country of the krugerrand or any other gold minted or offered for sale by South Africa. Current holders of these coins would be permitted to keep or sell them. By barring the importation of the krugerrand, we will prevent South Africa from draining away precious foreign exchange from our own country in support of apartheid.

Enactment of Title VII would not lead to the overnight dismantling of apartheid. It would, however, make a significant difference, on and off the job, in the lives of the 70,000 black men and women who work for American firms in South Africa. It would demonstrate to the people of that country, and to other nations in Africa and throughout the world, that the United States is willing to act against the day-to-day horrors of the apartheid system.

For these reasons I hope you will support this provision in the State Department authorization when it is considered by the full committee next week. If you have any comments or questions about this provision, please call me or have a member of your staff contact Dawn Calabria at 225-2361.

Cordially,



Stephen J. Solarz  
Member of Congress

SJS/dc