

Prepared Statement of
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Subcommittee on Africa
Committee on Foreign Affairs
U.S. House of Representatives
Washington, D.C.

January 31, 1985

Mr. Chairman and Members of the Subcommittee:

I appreciate this invitation to elaborate my views regarding United States business involvement in South Africa. As you know, I recently expressed these views in an article appearing in Long Island Newsday and other newspapers. I speak to you today in my capacity as a private citizen and not representing any organization with which I am associated.

In past weeks, the focus of public opinion on apartheid has sharpened dramatically as Americans have expressed their repugnance in a number of ways. One hopes that from what surely is a national consensus will emerge a national policy that will reflect U.S. determination to sever normal ties with South Africa.

The point I made in my article was to this end, and it was unequivocal: United States corporations should cease doing business in South Africa and withdraw as rapidly as possible.

Six years ago I presented my thoughts and feelings in a newspaper article (Newsday, November 30, 1978). My conclusion then was twofold. First, I believed that the issue of U.S. relations with South Africa was first and foremost a matter of international diplomacy. If sanctions were called for -- and I was convinced they were -- the most effective ones would be the traditional political and economic sanctions of national foreign policy. It seemed to me that these alone would have sufficient weight to influence Pretoria to any meaningful degree. I therefore advocated full sanctions by the U.S. government against South Africa. That is still my basic, preferred policy position.

Second, I concluded that the U.S. corporate presence in South Africa was, on balance, a positive force for helping the oppressed Black majority. Firms subscribing to the Sullivan principles, in particular, were committed to economic and human rights for their Black employees and for the population as a whole. They were

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major factors in pushing forward the "growth points" of change. However repressive the society and government of South Africa, U.S. corporations provided material support and progress for at least a minority of Blacks, and seemed to place at least a partial check on the abuses heaped upon the population at large. While U.S. firms in South Africa are obviously not there as social reformers, nevertheless they could perform a distinct service to the oppressed populations by practicing non-discrimination and by providing a progressive example.

This has been a manifestly humane objective, and I take nothing away from what has been accomplished by these companies. As a director of the Ford Motor Co., one of the larger American firms in South Africa, I am particularly sensitive to this issue, and all the evidence I have seen convinces me that Ford and the other Sullivan principle firms have performed in good faith and have made a significant difference in the lives of those whom they employ.

But is this enough to justify their continued presence? My answer is no. Despite the helpful objectives of the Sullivan principles, there is no evidence that the U.S. presence and practices are making any substantial, permanent progress in breaking down the legally sanctioned and brutally enforced South African policies of apartheid.

In a perverse way, it might even be argued that this limited success actually is serving to sustain and perpetuate the most evil features of apartheid or, at the very least, delay its demise.

Indeed, one has more than a nagging feeling that the South African concessions that permit U.S. firms to conduct their progressive employment policies are merely a ploy to neutralize or confuse American public opinion, while still keeping intact the sizeable economic assets that the firms represent.

Recently, I heard a South African official on television almost dare U.S. business to withdraw and thus bear the onus for the economic hardship on their Black employees and their families that would result. Given the record of the South African government, such solicitude would be laughable if the circumstances were not so tragic.

In truth, South Africa is very adept at appearing to give way to world opinion by making modifications in the application of apartheid, while really instituting no meaningful change at all. The recently-adopted constitution, for example, is meant to suggest that governance of the country has been broadened to include the "colored" and "mixed" populations by permitting them elected representatives. But not only does actual control remain vested in the small white minority, this limited nod toward "democracy" completely ignores the true majority -- the 22 million Blacks. Even the most recent "concessions" announced by the South African government fall into the same pattern -- and, of course, they were made unilaterally, without any consultation with the Blacks affected.

Black South Africans continue to remain trapped and abused by what I referred to in my article as the "elaborate, ingenious and malevolent mechanisms by which a small white minority separates peoples, creates phantom 'homelands,' and administers the legalized enslavement" of these millions.

For six years, the evidence has continued to pile up -- excess onto excess, atrocity onto atrocity -- that the South African regime has no intention of coming to terms with the most basic rights and needs of the nation's Black majority.

Despite the good-faith efforts of many U.S. corporations, virtually every Black South African subsists, both physically and figuratively, in a lurid twilight zone between degradation and outright slavery.

The overwhelming majority of South African Blacks live in the squalor of government-enforced poverty.

They are unceremoniously herded into and restricted to so-called "homelands" in the most barren and unproductive terrain the country has to offer.

All but a few are forbidden to enter white-controlled towns and cities.

The handful of Blacks privileged to work in urban areas are subject to the most humiliating scrutiny of identity papers and internal passports.

Husbands who work in white-controlled cities are separated from their wives and children for months at a time; if they take time off for an unauthorized visit, they lose their jobs, with no possibility of effective appeal.

For the small minority of Blacks employed by progressive U.S. corporations, there have been some changes for the better. But these gains are overwhelmed by the clear evidence that for the vast majority, things have gotten steadily worse, not better, during the last decade.

My recent article cited several studies which documented a "significant increase in the impoverishment of most Blacks (in South Africa), despite improvements in the living standards of a few." One study found that the number of homeland people living below a "minimum living level" increased between 1960 and 1980 from 4.9 million to 8.9 million.

Is there any glimmer of hope? Earlier this month, six major South African employer groups issued a "manifesto of the private sector" calling on Pretoria to broaden political and economic participation for the Black majority. (Interestingly, one of the six was the AHI, representing the Afrikaner business community.)

If adopted, their recommendations would be a heartening step toward dismantling the hideous structure of apartheid. But several troubling points remain. For one thing, the manifesto cautions that the reforms can be pursued only in a climate of "strong economic growth." Thus it is hard not to wonder whether the gesture is simply self-serving, a hasty response to the growing public sentiment in the U.S. for corporate disinvestment in South Africa.

In the second place, the recommended reforms have come from the white economic elite -- once again, a unilateral declaration by the powers that be, without collaboration or even discussion with Black South African leaders.

Third and perhaps most obvious, it must be asked: how will the Botha administration respond? With its usual arrogance? With a new sensitivity? Or with a facade of accommodation that can be easily dispensed with when the spotlight of global publicity moves elsewhere?

And finally, where were U.S. corporations when their South African counterparts were hurriedly drawing up their unexpectedly liberal manifesto? Did U.S. firms exert a positive influence? If not, why not? If so, why not long before now?

Regardless of the future fate of the new proposals by the South African business groups, Black South Africans now have little serious prospect of better conditions.

Under the circumstances, I can see no justification, moral or otherwise, for the continued presence of U.S. corporations in South Africa. This presence, even under the enlightened management practices embodied in the Sullivan principles, is an embarrassment to the conscience.

Ideally, of course, a Sullivan code should not have to be prescribed for corporate conduct. Nor should the withdrawal of the American economic and business presence from a renegade nation have to be a matter of individual corporate decision. Rather, these issues should be determined by United States government foreign policy.

Sadly, that is not the case at present. Instead of a foreign policy that actively attacks, or at least isolates, South Africa through economic sanctions, we have something called "constructive engagement."

"Constructive engagement" makes it sound as if all we are concerned about are some benign infractions of behavior that will be corrected as soon as the South African leaders see the light. But we know that is not going to happen. We know that any concessions will be minor or illusory and that apartheid will continue.

To expect anything more from a government with the record of South Africa's is to hide from reality. And, unfortunately, American policy does little to challenge it. Bishop Desmond Tutu put it succinctly in an interview in The New York Times: "We judge every institution, every government, on the basis of whether they advance or deter our liberation struggle."

He went on to say: "In my view, the Reagan Administration has done precious little to advance that struggle. If anything, it has assisted in making the South African government more intransigent."

Given this situation, what is the alternative? If our government will not act, the burden, unfair as it may be, falls on the United States companies, banks and others that carry on economic commerce with South Africa. They can continue business as usual, or they can make a dramatic statement, admittedly at some economic sacrifice to themselves.

I urge them to make this statement by ending their business ties with South Africa. I believe the time for debate and discussion has run out.

Will the companies meet this challenge? I do not know. Since there apparently will be no foreign policy incentive on the part of the U.S. government to produce a withdrawal, it will be a matter for individual corporate determination. I would hope that the companies would make this decision as a straightforward declaration of conscience, rather than become embroiled in an ultimately wasteful and damaging battle against widespread efforts to force institutional divestiture of stock in their firms. To take the latter course would be to fight the wrong enemy in the wrong place.

The determination of those pushing divestiture requirements through state and local governmental bodies, and of those who court arrest in their symbolic protests in Washington and other cities, make it evident where American peoples' sentiments lie. Corporate America now has an opportunity, and an obligation, to lead in a manner that will show South Africa and the world that the cold efficiency of capitalism can be tempered by the ennobling spirit of humanity.