

American Committee on Africa
305 East 46th Street
New York, N.Y. 10017
(212) 838-5030

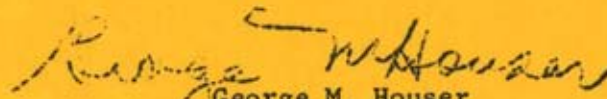
February, 1977

Dear Friend:

Enclosed for your information, is an open letter to President Jimmy Carter. The question dealt with (increased outside investment as a way of change in South Africa) is one on which the new administration will have to act soon.

We would be glad for any comments you may have on our letter and the position it takes. You may wish to send a communication of your own on this issue. If so please send us a copy. We would be glad to supply more information if it would be useful.

Sincerely,


George M. Houser
Executive Director

GMH/dw
Enc.

AMERICAN COMMITTEE ON AFRICA

305 EAST 46th STREET, NEW YORK, N.Y. 10017 / (212) 838-5030 / Cable AMCOMMAF



The Honorable Jimmy Carter
President of the United States
The White House
Washington, D.C.

Dear Mr. President:

We write to you out of our deep concern for United States policy towards South Africa. One of the critical questions your administration will have to face will be the conflict created by white domination and black resistance in southern Africa, where the confrontation has already entered a violent stage. South Africa is central to the resolution of the conflict, not only internally, but in Rhodesia and Namibia as well. Thus U.S. policy towards South Africa has critical importance. It is our fear that the present U.S. policy of tempered friendship with the apartheid regime, if continued, will inevitably lead to an escalation of involvement and perhaps even confrontation.

We write to you because we hope your administration will inaugurate a new and different policy. You have said this is what you want to do. African leaders have also expressed a hope that your administration will bring a fresh outlook to dealing with Africa and particularly southern Africa. Unfortunately, the hope of a new policy was not bolstered by an interview you gave to the South African Financial Mail which appeared in their November 5th issue. In it you said, "I intend to follow a positive policy towards peace in southern Africa. Economic development, investment commitment and the use of economic leverage against what is, after all, a government system of repression within South Africa, seems to me the only way to achieve racial justice there."

We feel it imperative to comment on this policy if it is to be at all central to a future U.S. approach to South Africa. We would like to make several specific points.

First, increased U.S. investment as a means of encouraging change in South Africa is not new policy. American corporations have actually followed this policy, backed by the government, through at least four administrations. Since the Truman years, American corporate investment in South Africa has grown from about \$50 million to over \$1.5 billion. The govern-

President: William H. Booth/Vice Presidents: Elizabeth Landis/David Robinson/Secretary: Dorothy Hibbert/Treasurer: Jay Jacobson/Executive Director: George M. Houser/Executive Associate: Paul Irish/Research Director: Jennifer Davis/Special Projects: Raphael Gould/Literature: Richard Knight/Membership: Annie King/Finance: Minette Kirson/Marvin Rich/Administration: Lynn Goodwin/Diana Warner

Washington Office On Africa: 110 Maryland Avenue, N.E., Washington, D.C. 20002/(202) 546-7961
Director: Edgar T. Lockwood Associates: Christine Root/Kenneth Vickery



ment position on the issue has been "to neither encourage nor discourage American investment in South Africa". From your statements in the Financial Mail interview, it might be assumed that you intend to delete the "discourage" portion of the previous policy, and only move to encourage U.S. investment. Further, in spite of a government policy prohibiting direct loans to the South African government from the Export-Import Bank, your comments in this interview imply that you would reopen these direct loans. Already U.S. commercial bank loans to the South African government approach the \$2 billion mark. The point we are making is that if you are seeking a new policy towards South Africa, it will not be found by promising to continue or increase an already extensive United States investment program.

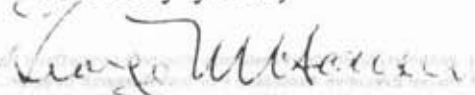
Second, we would like to point out that U.S. investment (and other foreign investment, for that matter) has not really bettered the lot of the black South African under apartheid. Trade union rights are still not permitted under the law for black workers. Africans still earn less than minimum subsistence in almost all sectors of the South African economy. Household Subsistence Level is estimated at \$150 a month in the major industrial centers. Yet average wages for blacks range from \$120 in the motor and construction industries to \$130 in the manufacturing industry. Due to inflation, and because white wages have increased as black wages have also grown, the absolute gap between the income of white and black continues to widen.

Third, increased investments from overseas have not made any change in the basic structure of apartheid. Within the last year in particular, the internal struggle in South Africa has intensified. And so have the repressive measures of the government: thousands have been arrested and other hundreds killed or wounded by the brutality of police. The pass laws remain unchanged. Africans are still denied political and land-holding rights. As long as such appalling policies persist, it seems irrelevant to speak of "enlightenment" - let alone the "enlightening" influence of foreign investment.

And finally, we assert that increased financial ties between the United States and South Africa not only strengthen the regime there, but further estrange the U.S. from those elements in South African society which are trying to bring about real change. The possibility of the United States being drawn into major international conflict in support of the white minority regime increases as our economic involvement does.

We ask you to chart a different and hopeful course in our relations with South Africa. It must at least include a policy of strongly discouraging economic investment. It should prohibit all loans from the Export-Import Bank and counsel an end to private loans to the South African regime - or to its enterprises. It must cease giving American corporations in South Africa tax credits for their profits made there. We believe that tensions in southern Africa are building swiftly. It is critically important that you announce a truly new policy towards South Africa. We look forward with the hope that you will be able to do so early in your administration.

Sincerely yours,



George M. Houser
Executive Director



Hon. William Booth
President

CARTER SPEAKS ON SA

In an exclusive talk with the *FM*, embargoed until after the election, President-Elect Jimmy Carter discusses his approach to Southern Africa.

FM: It took intervention in Angola by a Soviet-backed Cuban expeditionary force to re-awaken America's interest in Southern Africa. Under your Presidency, will American involvement in African affairs lessen or increase?

Carter: If you mean, do I contemplate a physical involvement in Southern Africa, such as we had in Vietnam, let me say I don't see it. But I think you will see an increase in our diplomatic commitment, in our foreign policy efforts to achieve a lasting peace in Africa, a peace built on majority rule with the protection of minority rights.

Right now we are playing catch-up in Africa after 15 years or more of neglect. And the Ford Administration has essentially been operating on an *ad hoc* policy basis with the single aim of keeping Southern Africa from blowing up into a shooting war.

What I envisage, what I will work for, is a more permanent effort, not just through one-man peace-keeping missions, but using the whole array of America's peace-keeping arsenal, its technological assistance, its help in developing Southern Africa's resources. I don't see this as just do-good charity either. There are resources which only Africa can supply us and there is technology to develop those resources which only America can provide.

Positive programmes for peace aside,

how serious a threat are the current tensions in Southern Africa to world peace, compared, say, to the various crises in the Middle East, in Asia, and so on?

Frankly, my judgment at the moment is that the potential for a shooting war that could involve the US and the Soviet Union are the greatest in the Middle East. There is no doubt about it.

I believe that we also face a serious challenge to our own national security in the increased tensions in Korea. Having said that, I do not mean to diminish the seriousness of the problems of Southern Africa. As long as the Soviet Union is willing to sponsor aggression and unrest there, the threat to the US is a serious one.

One thing that I must add on a positive note is that I think the solutions to many of the critical tensions in Southern Africa are not as hard to unravel as they might be elsewhere. Rhodesia must move to majority rule as soon as possible. South Africa must move just as quickly towards independence for Namibia.

Once those solutions are achieved then we can move to stabilise the Angolan situation and achieve a removal of the Cuban troops there. The steps that need to be taken are clearly laid out. It won't be an easy path to follow, but it clearly

is the only one there is.

Given how difficult peace will be to achieve in Southern Africa, why do you rule out direct military aid as well as direct military intervention, as likely American responses in Southern Africa?

I have not ruled out any such responses. I can't do that.

But they are unlikely, are they not?

I really hope so. For one thing, past American policy, and it has been wrong I believe, has been to send arms and to sell arms, often to both sides in a struggle, as an alternative to really working toward peace.

You have said that there are many similarities between the American position in the Middle East and its position in Southern Africa. Yet the US provides arms to both Arab and Israeli forces. Isn't there a contradiction?

There is no reason to repeat a mistake in the Middle East in Southern Africa.

Without military aid, much less military intervention, what influence can America have in the region?

America alone cannot have much influence throughout the entire Southern African region. We must work in concert with other relevant powers, such as Britain which has real influence in Rhodesia, and in those nations such as Zaire and South Africa where we have some clout of our own.

What kind of influence do you think the US has in South Africa for example? How would you quantify it?

Very great. Our economic

presence in S Africa gives us a greater influence on that government than its government has over Rhodesia, for example. I think our American businessman can be a constructive force achieving racial justice within South Africa. I think the weight of our investments there, the value the South Africans place on

access to American capital and technology can be used as a positive force in settling regional problems.

Among those positive forces, do you count the threat of economic sanctions against South Africa?

Not really. I think such sanctions could be counter-productive.

Would you free up American investment through Export-Import Bank loans and otherwise encourage an increase in private American lending and corporate activity in South Africa?

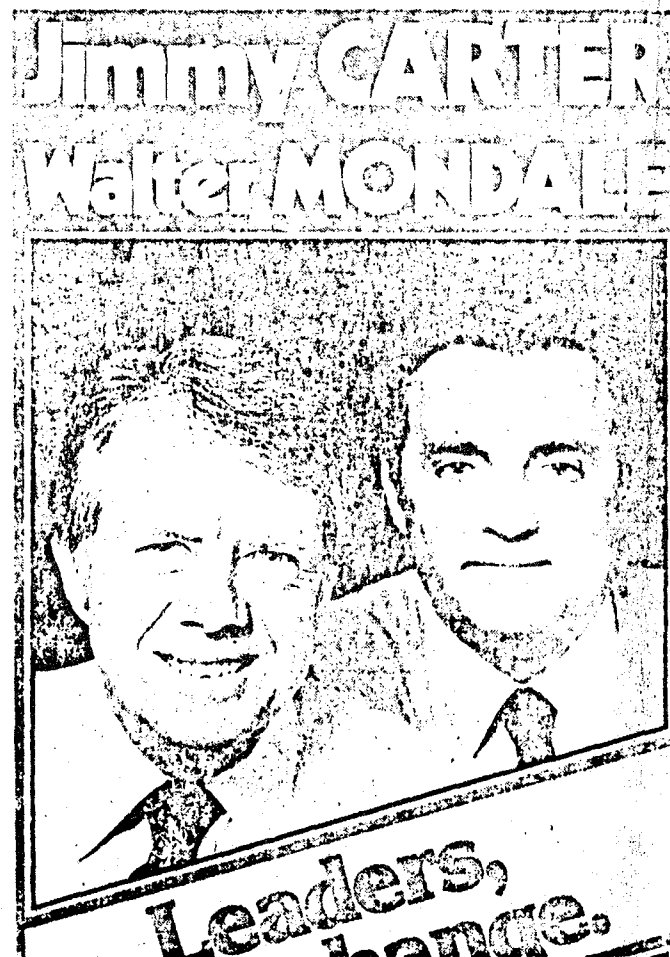
Yes indeed. Other interviews have quoted me saying I intend to follow "an aggressive policy for peace". That sounds contradictory although it's accurate enough. It might be more accurate to say I intend to follow a positive policy toward peace in Southern Africa. Economic development, investment commitment and the use of economic leverage against what is, after all, a government system of repression within South Africa, seems to me the only way to achieve racial justice there.

Can you say whether you will extend diplomatic recognition to the Transkei?

Not at this time. I think we will have to examine Transkei's true national status before we make such a move.

Because your campaign depends so heavily on the support of Black Americans will your presidency automatically be pro Black?

I don't know how much more committed I can be to majority rule in Africa, with or without Black American support.



Carter ... I'll free US investment in SA