



The American Committee on Africa

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TESTIMONY OF THE AMERICAN COMMITTEE ON AFRICA BEFORE THE AUSTIN CITY COUNCIL

May 25, 1989

Mr. Chairman, members of the Council, my name is Jim Cason. I am Associate Director of the American Committee on Africa, a national anti-apartheid organization formed in 1953.

I am here today to support an important new initiative by the Council that will place Austin among the cities leading efforts to support freedom and democracy in South Africa. I want to say first that we fully support the intent of this law to use city investments and purchasing power to help put an end to U.S. corporate involvement in South Africa; involvement which directly subsidizes the racist system of apartheid.

The first point I would like to make is that this type of legislation is possible to enforce, and it does work. Already, some 79 cities as well as 23 states and 19 counties across the country have passed binding legislation against apartheid. Our experience around the country has shown that when cities pass strong legislation and implement it in a comprehensive manner, the effect has been to force companies to sever ties with apartheid South Africa.

We believe that the selective procurement provisions of this legislation, which restrict city purchases from corporations that do business with South Africa, are especially important.

Such legislation, as implemented in other cities, has resulted in a number of U.S. corporations cutting their links to South Africa. But in order for selective procurement to be effective, real companies will have to lose real contracts with the city. Without that type of consistent pressure, this law will not be able to be effective. For instance we have been in regular contact with those responsible for implementing legislation passed by Dade County, Florida that has played a key role in the withdrawal of a number of firms from South Africa. Among other local governments that have passed and have been effectively implementing such legislation are Los Angeles, California, Houston, Texas and New York City, New York.

Importance of Sanctions

To think clearly about this legislation, the importance of sanctions and disinvestment must be restated. South Africa cannot

manufacture computers but must import them from the U.S. and other industrialized countries. Without assistance from U.S. and other multinational corporations, South Africa could not make a car, refine petroleum or mine for gold or diamonds. In this context, efforts to isolate this economy can be enormously powerful.

As most of you are aware, there have been a number of significant efforts to cut U.S. corporate involvement in South Africa in the past few years. In addition to divestment and purchasing actions, by state and local government, there has also been some action at the federal level. One of the major changes in this situation was the imposition of sanctions against South Africa by the U.S. Congress in October 1986. While these measures were not comprehensive, they did ban any new investment in, or loans to, South Africa.

Even these limited sanctions and the withdrawal of U.S. and other international companies from South Africa is having a serious effect on the South African economy. Some \$10 billion of capital has fled South Africa since the beginning of 1985. Nearly 200 U.S. companies and 60 British companies have sold their South African operations, although many of these continue to do business in South Africa through licensing, franchise or distribution agreements.

As a result of even these limited actions, South African businessmen are expressing increasing alarm. Henri de Villers, chairman of the Standard Bank Investment Corp. of South Africa, put it succinctly: "In this day and age there is no such thing as economic self-sufficiency and we delude ourselves if we think different... South Africa needs the world. It needs markets, it needs skills, it needs technology and above all it needs capital."

And a leading South African newspaper noted late last year that "the only way of getting the economy back on track is by getting the political situation sorted out... Foreign investments are finally going to depend on the proof we can give of our ability to adapt and make this a stable society."

Through divestment and selective purchase legislation, cities are sending a clear message to corporations that continue to do business in South Africa. That message -- that these companies' major customers, the American people, want them to end all ties to apartheid -- is backed up by the ability of cities to direct their dollars.

U.S. Corporate Evasions of Sanctions

As we consider these measures, we also need to assess the response of U.S. corporations to both the Congressional sanctions and to the wave of state and local divestment and selective purchasing ordinances that have swept the nation over the last few years. Since the end of 1985, many U.S. corporations have evaded the intent of these measures by claiming that they have ceased doing business in South Africa while in reality having merely engaged in a corporate reshuffle enabling them to continue to profit from apartheid.

Specifically, corporations have employed franchising and licensing agreements to maintain tight business and financial links to the ostensibly South Africa corporations which have taken over their operations. The result is that U.S. computers, automobiles and machine tools are still widely available in South Africa.

Let me give just one example. Not only are IBM computers still widely available in South Africa, but IBM's South African distributor has close corporate ties to one of South Africa's major military contractors. Even today IBM computers are being used by South African corporations that are working directly for the South African police and military. I do not believe that this is the kind of corporate conduct which should be rewarded with contracts from the city of Austin.

In closing, let me say that the latest news from South Africa makes it more urgent than ever that Austin take a determined stand against the entrenched evil of apartheid. In the past four months, two high-level delegations representing the Black majority have come from South Africa to visit our country and literally plead for the imposition of stronger sanctions on both the national and local levels. The most recent delegation was composed of Archbishop Desmond Tutu, the Reverend Allan Boesak, the Reverend Beyers Naude and the Reverend Frank Chikane, General Secretary of the South African Council of Churches.

And the news from inside South Africa underlines the urgency of your efforts. Forced evictions of black people from their homes, government-supported assassinations and harsh repression continue. At the beginning of this month David Webster, a sociologist who has worked closely with organizations protesting detentions and someone we have worked with over the years, was shot and killed right in front of his house. And in March, after nearly dying in a hunger strike, labor activist Donsie Khumalo was released from detention into what I can describe only as the larger prison of apartheid South Africa. Although Donsie was released from detention in March, he has been placed under harsh restrictions -- required to report to the police station twice a day and is specifically prohibited to "encourage or incite" disinvestment.

The people of South Africa have appealed to us for more pressure on the apartheid government. We cannot let their government silence them. There should be no company that does not know that their business dealings with South Africa will jeopardize future business with Austin. If companies are concerned about their relationship with Austin, then they need to pull out of South Africa.

I urge you to support this legislation and we at the American Committee on Africa stand ready to assist you in any way that we can. Thank you.



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Tilden J. LeMelle, Chairman
Jennifer Davis, Executive Director

STATES, COUNTIES AND CITIES THAT HAVE TAKEN ECONOMIC ACTION AGAINST APARTHEID

State and Local Action on Apartheid

To date 24 states, 19 counties and 79 cities and the Virgin Islands have taken economic action against apartheid (or South Africa). These "peoples' sanctions" have caused over 20 billion dollars to be divested from companies that do business in or with South Africa. A growing number of the above named bodies have adopted procedures regarding selective purchasing.

-----STATES-----

Arkansas	Divestment-1987
California	Divestment-1987
Colorado	Banking and Divestment-1985
Florida	Prohibits purchase of South African Equities-1988
Iowa	Divestment-1985
Connecticut	Divestment-1982; Total Divestment-1987
Illinois	Banking-1987
Kansas	Divestment-1985
Louisiana	Banking-1985
Maine	Divestment-1984; Divestment-1986; Divestment-1987
Maryland	Banking-1984; Divestment-1985; Purchasing-1986; Banking-1987
Massachusetts	Divestment-1983; Purchasing-1989
Michigan	Banking-1980; Divestment-1982; Purchasing-1986; Divestment-1988
Minnesota	Divestment-1985
Nebraska	Divestment-1984
New Jersey	Divestment-1985
North Carolina	Divestment and Purchasing-1987
North Dakota	Divestment-1985
Oregon	Banking and Divestment-1987
Oklahoma	Banking-1986
Rhode Island	Divestment-1985; Divestment-1988
Vermont	Divestment-1986
West Virginia	Divestment-1986
Wisconsin	Banking-1977
Virgin Islands	Divestment-1983

Total: 24 + Virgin Islands

-----COUNTIES-----

Alameda, CA	Divestment-1985; Banking and Purchasing-1986
Bergen, NJ	Banking-1983
Cuyahoga, OH	Divestment-1984
Dade, FL	Divestment, Banking and Purchasing-1988
Hennepin, MN	Banking and Purchasing-1985
Howard, MD	Divestment, Banking, and Purchasing-1986
Los Angeles, CA	Divestment-1985
Middlesex, IN	Divestment-1985
Monroe, NJ	Banking and Purchasing-1985
Montgomery, MD	Divestment-1985; Banking and Divestment-1986
New Castle, DE	Divestment and Banking-1986
Prince George's, MD	Purchasing and Banking-1986
Sacramento, CA	Divestment, Banking and Purchasing-1987
San Francisco, CA	Banking, Divestment, and Purchasing-1986
Santa Barbara, CA	Banking-1986
Santa Clara, CA	Divestment-1986
Sonoma, CA	Divestment, Banking and Purchasing-1985
Tompkins, NY	Banking, Divestment-1986
Westchester, NY	Banking-1985

Total: 19

-----CITIES-----

Alexandria, VA	Divestment and Banking-1985	Los Angeles, CA	Divestment and Banking-1985;
Amherst, MA	Divestment-1984		Purchasing-1986
Ann Arbor, MI	Divestment-1986	Madison, WI	Purchasing-1976
Atlanta, GA	Divestment and Banking-1985	Miami, FL	Divestment-1986 and Banking-1986
Atlantic City, NJ	Divestment and Banking-1983	Middletown, CT	Divestment-1985
Baltimore, MD	Divestment-1985; Banking-1986	Minneapolis, MN	Divestment and banking-1985;
Berkeley, CA	Divestment-1979; Purchasing-1986		Divestment 1986
Boston, MA	Divestment-1984; Banking and	New Haven, CT	Divestment-1985
	Purchasing-1986	New Orleans, LA	Divestment and Banking-1985;
Boulder, CO	Divestment and Banking-1985		Purchasing-1988
Brookline, MA	Divestment-1986	Newton, MA	Divestment and Banking-1986
		New York City, NY	Divestment-1984; Purchasing and
Burlington, VT	Divestment-1985		Banking-1985; Purchasing-1987
Cambridge, MA	Divestment-1980	Newark, NJ	Divestment, Purchasing and
Camden, NJ	Divestment, Banking and		Banking-1984
	Purchasing-1985	Niagara Falls, NY	Banking-1986
Charleston, SC	Divestment-1985	Oakland, CA	Divestment, Purchasing and
Charlottesville, VA	Divestment-1984		Banking-1987
Chicago, IL	Purchasing and Banking-1986	Omaha, NE	Divestment, Purchasing and
Cincinnati, OH	Divestment-1985		Banking-1985
Cleveland, OH	Banking-1986	Opa-Locka, FL	Divestment and Purchasing-1987
College Park, MD	Purchasing and Banking-1985	Palo-Alto, CA	Banking-1985; Divestment-1986
Columbus, OH	Banking-1985	Philadelphia, PA	Divestment and Banking-1982, 1986
		Pittsburgh, PA	Divestment and Purchasing-1985
Davis, CA	Banking-1980	Portsmouth, VA	Divestment-1985
Denver, CO	Divestment-1986	Rahway, NJ	Banking-1984
Des Moines, IA	Divestment and Banking-1986	Raleigh, NC	Purchasing and Banking-1986
Detroit, MI	Divestment and Banking-1985		
Durham, NC	Divestment, Banking and	Richmond, CA	Purchasing and Banking-1986
	Purchasing-1986	Richmond, VA	Divestment-1985; Purchasing-1986
East Lansing, MI	Purchasing-1977	Rochester, NY	Divestment, Purchasing and
Erie, PA	Divestment and Banking-1985		Banking-1985
Fairmont, WV	Divestment, Purchasing and	Sacramento, CA	Divestment, Purchasing and
	Banking-1986		Banking-1985
Fort Collins, CO	Purchasing-1985; Banking-1988	St. Louis, MO	Divestment and Banking-1986
Freeport, NY	Banking-1985	St. Paul, MN	Banking-1985
		Santa Barbara, CA	Banking-1985
Fresno, CA	Divestment and Banking-1985	San Jose, CA	Divestment-1985
Gainesville, FL	Divestment-1985	Santa Cruz, CA	Banking-1984
Gary, IN	Divestment, Purchasing and	Seattle, WA	Banking-1985
	Banking-1985		
Grand Rapids, MI	Banking-1982	Stockton, CA	Divestment, Purchasing and
Hampton, VA	Divestment-1985		Banking-1985
Hartford, CT	Divestment-1980	Syracuse, NY	Divestment and Banking-1987
Houston, TX	Divestment-1986; Purchasing and	Topeka, KS	Divestment-1986
	Banking-1987	Tucson, AZ	Divestment-1985
Jersey City, NJ	Divestment-1985	Washington, DC	Divestment-1983; Purchasing-1986
Kansas City, KS	Purchasing-1985	West Hollywood, CA	Purchasing and Banking-1985
Kansas City, MO	Divestment-1985	Wilmington, DE	Divestment-1985; Purchasing-1986
		Youngstown, OH	Divestment-1985
		Ypsilanti, MI	Divestment-1985

Total: 79

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HP severs last South Africa tie

BY J. A. SAVAGE
CW STAFF

PALO ALTO, Calif. — Hewlett-Packard Co. announced last week it was selling its South African sales subsidiary to Siltek Ltd., bowing to anti-apartheid selective procurement policies established by universities and local and state governments.

The move leaves NCR Corp. as the last major U.S. computer manufacturer with direct ties to the country.

"The [selective procurement] problem was measured in millions [of dollars]," an HP spokesman said. He said that HP field personnel encountered about 50 instances per day in which such policies impeded HP's chances of sales, adding that the company was seeing the same selective procurement momentum in Europe.

Critics of apartheid have targeted computer company ties to South Africa's government because, they say, imported technology facilitates repression of blacks through weapons and pass laws.

Withdrawal from South Africa had been an issue in six of the last eight HP shareholders meetings, although the proposals had been voted down. HP decided to go ahead anyway because of procurement policy pressure as well as pending U.S. legislation that would require the elimination of exports of U.S. goods and services to South Africa.

"These companies will come under pressure to end the last of their ties," said Richard Knight, a research associate at The Africa Fund, a New York-based anti-apartheid research and lobbyist group.

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