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NATIONAL SECURITY IMPLICATIONS OF DIVESTITURE IN SOUTH AFRICA

WILLIAM C. MOTT*

We are in the middle of a divestment struggle. A recent *Washington Post* headline read "Reagan to undertake review of U.S. policy toward South Africa." The President assembled all of his experts for a conference. Additional meetings are scheduled. Present at the initial conference were the Secretary of State, the Assistant Secretary of State for African Affairs, the head of the National Security Council, Bud McFarlane, the congressional lobbying team, and several others.

The Secretary of State, who is or should be the chief architect of U.S. foreign policy, said about the bill that Congress will present in the next couple of weeks declaring sanctions on South Africa: "Now I am quite aware that some of the proposals now before the Congress are not, strictly speaking, divestment bills. Instead, they are couched in terms of conditional bans on new investment or new loans unless certain political changes are made within a year or two. Other proposals would make the voluntary Sullivan Code mandatory and severely penalize firms that do not comply adequately." (Two of the firms that do not comply are the *Washington Post* and the *New York Times*. Just how that is going to work out, I don't know.) "Well intentioned as these proposals may be," said Secretary Schulz, "let us not kid ourselves about their likely effect. Considering the additional risks and uncertainties which such legislation would create, U.S. firms are likely to conclude that their continued presence in South Africa is simply no longer worth the candle. The result will be reduced American influence."

Some explanation of the Sullivan Code is necessary. The author of the code, the Reverend Leon Sullivan, is a black ghetto preacher in Philadelphia. He was elected to the Board of Directors of General Motors. At his first meeting, he moved to pull General Motors' operations out of South Africa. The other directors said, "Well, Dr. Sullivan, why don't you go down to South Africa, at our expense, take a look at the situation, come back and report to us at the next meeting as to what you think General Motors should do." The Reverend Sullivan went to South Africa. At the next meeting, the directors were ready to hear his report. The Reverend began: "I made a mistake. If American and western corporations pulled out of South Africa there will be

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Speaker's footnote: After listening to all viewpoints and options from his staff, President Reagan imposed limited sanctions on South Africa, forestalling for the time being more punitive sanctions voted by Congress.

Author's Note: Since the dialogue described above, President Reagan has imposed *limited* sanctions, thus forestalling punitive congressional sanctions. They have not worked notably well because other countries have not joined.

a revolution and one million people will be killed and 98 percent of them will be black.”

“Well,” the others replied, “how do you propose to solve this problem?”

The Reverend continued, “I think all American corporations ought to operate in South Africa under a set of principles.”

The others said: “You thought of it, Reverend; why don’t you draw up the principles?”

So, the Reverend drafted the Sullivan principles, which have been successful in breaking down what is called petty apartheid.

When I went to South Africa I visited several schools, such as Saint Anthony’s School and the Pace School, which is run by the Episcopal church. All of the equipment in those schools was donated by American corporations. I have lectured in high schools in this country and have never seen equipment equal to what U.S. corporations have donated to these schools in an effort to raise the level of black education. The good that American corporations have done in South Africa may have been best expressed by Lucy Muvbelo, who is the head of the ladies’ garment workers union in South Africa. She says, in the foreword to a book called *The Politics of Sentiment: Churches and Foreign Investment in South Africa*:

The issue of external investment in South Africa is one that deeply affects all of us who live in this beautiful, paradoxical and complex land. To proponents of isolation and disinvestment and embargos, I must say, don’t break off contact and don’t advocate disengagement and withdrawal of foreign investments. The vitality of South Africa’s economy offers more hope to South African blacks than destructive forms of pressure from abroad. By insisting on the withdrawal of foreign companies, even of American firms, disinvestment advocates are asking a substantial number of black workers to sacrifice their jobs, . . . to sacrifice their only realistic means of attaining wider opportunities and higher standards.

For her pains, her house was firebombed by radical blacks. This is only one of the problems that exist in South Africa.

An explanation of presidential options is in order. I served as an aide to Presidents Roosevelt and Truman, and I worked in some capacity for Eisenhower and Kennedy. I first heard “What are my options?” from President Roosevelt when I was the presidential intelligence briefer. President Roosevelt would assemble the Joint Chiefs of Staff and say with respect to something like convoys going to Murmansk, “What are my options? What’s Stalin going to think?”

When I served as President Truman’s aide, I had the job of taking Truman on his famous six o’clock morning walks. We were walking one morning, and I struck up a conversation by saying, “Mr. President, tell me how you happened to make the decision to drop the atomic bomb.” He replied, “Commander, I had people lined up on both sides of my desk. Some of them were saying ‘don’t do this. It will be the most inhumane act in the history of

mankind.' Others were saying, 'you have to do it in order to save 500,000 American lives'." He continued, "You were on the planning staff for the invasion of Japan and wasn't that your estimate?"

I replied, "Yes it was, Mr. President." So he said, "I made the decision, after considering all of my options. I have never been sorry for it and I never will be." And he never was. Eisenhower also used this technique, which is an army technique.

In Kennedy's administration, there was the disastrous Bay of Pigs invasion. On October 15, 1962, a U-2 airplane the U.S. had sent over Cuba returned with pictures of missiles. Kennedy knew he had to do something, so he called in his advisers. Kennedy asked: "What are my options?" We said, "Well, Mr. President, you can invade Cuba." He replied, "Go get ready to do it." Not many people know that we loaded Marines on transports at Camp Pendleton and started them around through the Panama Canal.

"What else can I do?" he asked. We answered, "You can have an air strike, as surgical as possible."

"Get ready to do it," Kennedy ordered. So, we sent a strike force down to McDill Air Force Base in Florida.

"What else?" he asked. We answered, "You can blockade Cuba, but if you do any one of these three things, Mr. President, they are acts of war." Believe it or not, there are some people who have argued that the United States Navy should blockade South Africa and not let anything in or out. This would be an act of war. You will have to take the ships, including the Soviet ships, into the nearest port and intern the crew, if you blockade them.

Anyway, Kennedy again asked, "Well, do I have any other option?" We replied, "Yes sir, Mr. President. There is a theory in international law that was used by one of your predecessors, called interdiction. You can interdict. You can tell ships that are coming through, 'If you're not carrying contraband, you can come through. Otherwise, you cannot'." We put this in a proclamation that I drafted. We drew a circle around Cuba and the first Soviet ship that arrived at the 500-mile limit shut down its engines.

In the Grenada situation, President Reagan had a formal team of lawyers to advise him. They would camp on bunks at the White House so they could advise the President as to what legal options existed in cases of emergency. In the case of South African divestment by American corporations, where the *Washington Post* indicated President Reagan consulted all his experts, I was asked by one of the principals to comment on the subject. It was a modest input, but the President was looking for all his options. I reviewed two books for my report, one entitled *The Politics of Sentiment* and the other entitled *Disinvestment: Is It Legal, Is It Moral, Is It Productive?* The books conclude that divestment is not legal, moral, or productive. The latter book contains a pertinent statement by Derek Bok, the president of Harvard University. Harvard had before it the exact same issue of divestment that is confronting the University of Oklahoma. I would urge those considering this problem at the University of Oklahoma to read these two books in order to make a reasoned decision, based not on emotion, but facts.

The president of Harvard wrote: "I do believe the tactics of divestment will not succeed and that they will cost the university money. The line is crossed when a university goes beyond expressing opinions and tries to exert economic pressure by divesting stock or engaging in a boycott in order to press views on outside organizations. I find no basis for concluding that universities will help defeat apartheid in South Africa by agreeing to divest." He closed by saying, "The fact remains that Harvard's resources were entrusted to us for academic purposes and not as a means for demonstrating our position on apartheid or on other manifest injustices and evils around the world. I continue to believe, as I did in 1978, that the arguments for divestment are not convincing and that Harvard should not adopt such a policy."

The Politics of Sentiment is a religious book about churches and foreign investment in South Africa. It is published by the Ethics and Public Policy Center in Washington, D.C. I would advise the people considering this problem at the University of Oklahoma to read these books and make a reasoned decision before they jump aboard the divestment train.

Now, let us get back to Reagan and his advisers. Reagan turned to the Secretary of State, Mr. Schulz, and the Assistant Secretary of State, Mr. Crocker, and said: "You've told me that disinvestment in South Africa is not going to work unless our allies will go along with us. Are you going to be able to convince our allies that they should go along with any bill that the Congress sends down?" Margaret Thatcher does not agree with divestment and will not endorse it, and neither will West Germany, Japan, or France.

Ed Noble, the president of the Synthetic Fuels Corporation, and I went to South Africa to look at the SASOL plants, which are the most magnificent technological achievement in the world with respect to the production of synthetic fuels. I noticed that even though the plants were built by the Fluor Corporation, an American corporation, there was very little American equipment in them. I asked why. I was told "You had better ask the foreign minister about that, Mr. Pik Botha. He'll tell you." So then Ed and I went to see the foreign minister, and I asked, "How come?"

He answered, "Well, I was the ambassador in Washington at the time and Bob Fluor and I went to the Export-Import Bank, which was headed by Bill Casey, who is now the head of the CIA. We got a \$500 million loan approved, and it lasted until we got to the Oval Office. Jerry Ford was running for President and he wanted no part of it. So what happened? Germany, Japan, and France came in and supplied virtually all of the equipment that went into the SASOL plants."

This is one of the problems associated with divestment. If you are not careful, it will turn around and bite you. I just noticed that the American banks, Chase Manhattan and some others, have withdrawn all investments and loans from South Africa. I then turned over to the financial page of the *Wall Street Journal* and I saw where the German and Swiss banks are getting ready to fill the vacuum. So as I said, these things are frequently counterproductive.

When President Reagan hears from Schulz and Crocker, he turns to Max Friedersdorf, one of the chief lobbyists. The President might say, "Max, how

many senators can you turn around so if I veto this bill they won't override my veto?"

Max would answer, "Well, I'm working on it, Mr. President, I'm working on it."

I have been requested by an organization called the Conservative Research Fund to work on two senators from Virginia, Warner and Tribble. What I plan to do is make them read these books, or the briefs of these books, so they will understand the problems and dangers in divestment.

At this point the President might call in C. Fred Bergston, the Assistant Secretary of the Treasury in the Carter administration. He will say to him, "Now Mr. Bergston, I read where you testified in Congress that the United States is now vulnerable to South African economic sanctions. The truth is, you testified, that South Africa has more cards to play than we do in this area. What do you mean by that, Mr. Bergston? What do you mean they have more cards to play than we do?"

I will demonstrate what Mr. Bergston meant. Seventy to eighty percent of the fuel from the Middle East goes around the Cape. All of the minerals that come out of southern Africa are loaded usually in Durban or East London, and they go around the Cape too. It is a vital supply line. At the foot of the Cape are the Simonstown dockyards, which we have been unable to use since 1967 when Mr. McNamara said no American ship could make port in South Africa. In my opinion, we could not fight a war in this area without using the Simonstown dockyards. The Soviets have a drydock in Maputu, Mozambique, and on the other side of southern Africa in Angola. We do not have anything in southern Africa. The United States has a base at Diego Garcia in the Indian Ocean, but a nonnuclear destroyer has to refuel several times before getting from there to anywhere. The practical effect of this is what was illustrated to the British in the Falklands War. The British had horrible logistic problems in the Falklands War. They wanted to use Simonstown very badly. Unfortunately, the South Africans got angry at them when they pulled out in 1975. When informal approaches were made to the South Africans to see if the British could use Simonstown for logistic support in the Falklands operation, they were told "No! You guys deserted us. Don't come to us when you are in trouble." That is the kind of situation this country should avoid because we may need to use Simonstown if we get involved in any kind of trouble in that area.

"What did you mean economically, Mr. Bergston?" might be the President's next question. South Africa has all the minerals we need, such as platinum, palladium, manganese, cobalt, and chromium. We do not have them in this country and they are not available to us elsewhere. We get them from southern Africa. One of the first things Reagan did was to buy \$78 million worth of cobalt from Zaire. It came by rail through Zambia and Zimbabwe to a South African port. We are completely dependent on the South African railway system to get any of their minerals. And if you push Botha, the Afrikaaner, too hard, he may say, "I'm not going to carry your products anymore." That would cause economic disaster in that part of the world.

The alternate source for a good many of these minerals is the Soviet Union.

Does the United States want to be reliant on the Soviet Union for its supply of platinum? An automobile cannot be made in this country without platinum because it goes into the catalytic converter. Specialty steel cannot be produced in this country without cobalt and chromium. Coming in from the Oklahoma City airport I saw drilling platforms that have drill bits. Those drill bits cannot be made without these minerals. The U.S. does not have these minerals. A dependency exists that should be recognized. Our committee, of which Mr. Ary of Kerr-McGee is a member, looked at this problem. We summoned Chet Crocker to tell us about the policy of constructive engagement. After consulting with him, we unanimously recommended no sanctions.

Our recommendation that went to the Secretary of the Interior and to the President was simple. We think the foreign policy of the United States ought to be conducted in such a way as to ensure *access*, which is the magic word, to these critical minerals that the United States does not have and that southern Africa has, whether it be Zaire, Zambia, Zimbabwe, or South Africa. All the minerals must come out through South Africa.

Therefore, we feel that sanctions of any kind in this area should not be imposed against South Africa because sanctions have never worked. They did not work with chromium in Rhodesia. There was an embargo on chromium when attempts were being made to get Ian Smith out of Rhodesia. What happened? The Soviets came in and bought up the chromium; the U.S. then bought it on the European market for three times the price. The Soviets trained some Katangese rebels through their Cuban mercenaries in Angola, and these rebels went after the cobalt mines in Zaire. The United States brought in French and Belgian paratroopers to stop the insurrection and get the mines operating again. In the meantime, the price of cobalt quintupled on the American market. Thus, when considering imposing sanctions one must look at the effect such sanctions will have on the U.S.

Let me conclude by citing one paragraph from another book. It is entitled *Economic Sanctions Reconsidered: History and Current Policy*, and it is published by the Institute for International Economics. The head of that institute is C. Fred Bergston, whom I quoted earlier with respect to the fact the South Africans have more economic weapons than the United States. This is his advice. It is entitled "Look before you leap with respect to sanctions." The country that imposes sanctions is called the "sender government." I quote: "The sender government should think through its means and objectives *before* making a final decision to deploy sanctions. Leaders in the sender country should be confident that their goals are within their grasp and that they can impose sufficient economic pain to command the attention of the target country (which in this case is South Africa), that their efforts will not simply prompt offsetting policies by other major powers, and that their chosen sanctions will not impose insupportable costs on their domestic constituents and foreign allies.

"These conditions will arise," continues the paragraph, "on only infrequent occasions, and even then, the odds of success are not great. The prudent leader will weigh carefully the cost and benefits of economic sanctions

before resorting to their use in foreign policy ventures." Right now, that prudent leader is President Reagan and he is now conducting a cost-benefit analysis with his staff.

