

SOUTH AFRICA ISSUE: THE REAL UPDATE

a communication presented to the University of Michigan
Board of Regents, March 15 1979.
prepared by Anne G. Fullerton for the Washtenaw County
Coalition Against Apartheid.

copies of this report submitted to: members of the Board of Regents of the
University of Michigan
the Financial Affairs Office of the University
of Michigan
Michigan Student Assembly
Michigan Daily
Washtenaw County Coalition Against Apartheid
American Committee on Africa

COMMUNICATION

From: Washtenaw County Coalition Against Apartheid
To: The Board of Regents of the University of Michigan
Date: 15 March 1979
Subject: South Africa Issue: The Real Update

Introduction

In March 1978, the Board of Regents passed a resolution on the University's investments in corporations doing business in South Africa which stated that the University would:

1. send a letter to all corporations in which it holds stock asking them for:
 - a) affirmation of the Sullivan Principles
 - b) corporate encouragement to endorse the enhancement of political, economic, and social rights for all of the corporations' employees in South Africa.
 - c) regular reports to publicly disclose corporate progress toward achievements in these matters.
2. vote its stock in favor of any shareholder proxy which supported that goal.
3. send a letter to all banks asking them only to make or increase loans to South Africa which would be conditional upon governmental action to end apartheid. Banks are also asked to describe the relevant conditions of the loans and how they would tend to end apartheid.
4. vote for any shareholder proxy which supported that goal and withdraw deposits and discontinue purchasing short term money market instruments in banks which violate the Regents' guidelines.
5. sell shares in any corporation which does not "within a reasonable period of time take reasonable steps" to comply with the Sullivan Principles, corporate encouragement, and regular reports.

One year has passed and the Regents have been asked to provide the University community with an update on their South Africa policy. The W.C.C.A.A. has been informed that a Regents' Communication entitled "South Africa Issue Update" issued in October 1978 constitutes the yearly review of the corporations in which the University of Michigan holds stock. This review includes a summary of the responses of the banks and corporations to the University's letters -- most of which was already publicly available through the Investor Responsibility Research Center (to whose publications the University subscribes at the cost of several thousand dollars per year) and a list of the Sullivan Principles. The University appears to be satisfied with all the responses except that of First National Bank of Dallas (owned by First International Bancshares, Inc.).

The Washtenaw County Coalition Against Apartheid, having reviewed:

- the responses of the corporations and banks to the University of Michigan
- all materials from the IRRC South African Review Service received by the University to date
- the responses of the corporations to previous U.S. Congressional surveys
- substantial additional materials on the role of U.S. corporations in South Africa, published by the United Nations and other institutions,

is not satisfied with the actions taken to date by the University of Michigan Board of Regents on this issue and it is the purpose of this communication to outline our objections.

Problems Inherent in the Regents' Resolution

- 1) It is not comprehensive because it fails to include corporations in which the University holds bonds.
- 2) Re: The letter to the corporations
 - a) almost all corporations affirm the Sullivan Principles and this information was already publicly available.
 - b) "Corporate encouragement to endorse the enhancement of political, economic and social rights for all the corporations' employees in South Africa" has no specific, quantifiable meaning and is redundant if the corporations have already agreed to Sullivan Principle VI.
 - c) most of our corporations have not yet produced regular, comprehensive reports on their activities in South Africa and the letter from the University of Michigan did little to elicit compliance with this goal.
- 3) Re: The letter to the banks
 - a) information on bank loans to South Africa was already available through the Corporate Data Exchange Handbook, "U.S. Bank Loans to South Africa".
 - b) the Resolution is not comprehensive because it does not include loans made by banks in the South African private sector.
 - c) neither the banks involved nor the University of Michigan have defined what criteria shall be used in determining what constitutes "action which shall tend to end apartheid".
- 4) Because this part of the resolution rests on the above-mentioned criteria, it is also vague.
- 5) Neither Revd. Sullivan, nor the corporations, nor the University of Michigan have defined what constitutes a "reasonable period of time" or "reasonable steps" in implementing the Sullivan Principles. In fact, a critical gap in the Sullivan Principles is precisely their failure to set any standards or any timetable for achieving those standards.

These problems which are inherent in the phraseology and mode of implementation of the March Regents' Resolution already provide ample justification for the need to re-evaluate University policy on these matters, but let us continue now with more substantive issues.

The Information Gap

The March Regents Resolution states that the University will sell its shares in any corporation which does not move towards implementation of the Sullivan Principles. One salient problem with such a strategy is the information gap: for many corporations compliance has not even been ascertained, let alone whether such compliance is taking place within "a reasonable period of time". Let us examine this gap in greater detail:

1. The 1973 House Subcommittee on Africa survey

222 questionnaires were sent out. 125 firms did not respond at all. 35 acknowledged receipts but did not reply. Ten firms said they would send the questionnaire in later but never did. 52 firms (or 23%) gave remotely useful responses; 26 of these responses were characterized as "non-responsive" by the Subcommittee. Effective response rate: 26 corporations, or 11.5%.

2. The 1978 Senate Subcommittee on African Affairs survey

In October 1976, questionnaires were sent to the 312 firms on the American Consulate list. 205 responses were received. Of these: 20% did not respond at all; 30% provided nearly all the data. The rest either declined to complete the questionnaire, filed late, found the information irrelevant to them, etc. The following corporations in which the University of Michigan has holdings did not respond adequately or at all to this survey:

Black & Decker
Carnation
Dart
FMC Corporation
INA
Johnson & Johnson
Kimberly-Clark
Owens Corning Fiberglass
G.D. Searle
Trane
U.S. Steel
Weyerhaeuser

The following corporations in which the University of Michigan has holdings did not complete the questionnaire but tried to supply some of the data:

Burroughs Corp.
3M
Sterling Drugs.

This means that approximately one quarter of the companies in which the University of Michigan has holdings did not respond adequately to the 1978 Senate survey.

3. The Investor Responsibility Research Center South African Review Service

This is the primary source of information which the University of Michigan is using to evaluate corporate performance in South Africa. The IRRRC sent out surveys to 125 corporations based on assets, number of people employed and nature of sales and production activities in South Africa. This represents approximately one third of US corporations involved in South Africa (at maximum). The IRRRC also sent out surveys on bank loans to South Africa to the 90 largest U.S. banks. 82 corporations have answered the IRRRC to date (response rate of 64%). If we consider an adequate response to this survey as being a response which includes the IRRRC questionnaire, the Sullivan Principles summary report, or both, we find an effective response rate of 34 corporations (25%). The following corporations in which the University of Michigan has holdings never received the IRRRC survey:

American Can
Armstrong Cork
Black & Decker
Carrier Corp
Continental Corp
Dana
Dow Chemical
General Foods
Getty Oil
Gulf Oil
Halliburton
INA
Owens Corning Fiberglass
Pillsbury
Procter & Gamble

3. (cont.)

Shell Oil
Square D
Trane

Weyerhaeuser

The following corporations in which the University of Michigan has holdings received the IRRC survey but no answer has been received to date:

American Cyanamid
Carnation
Kellogg
G.D. Searle

(We assume that General Motors and IBM have responded although their responses were not included in the materials which we were able to examine in the University Financial Affairs office).

The following corporations either refused to respond to the IRRC or responded without providing enough information to ascertain corporate performance:

Caltex (Standard Oil of California and Texaco)
Citicorp (as corporation, not as bank)
Colgate Palmolive

Dart
Dupont
FMC Corp.
Firestone
Eli Lilly
Merck & Co.

Mobil
Owens Illinois
Security Pacific (as corporation)
Sterling Drugs
U.S. Steel
Warner Lambert

The following corporations provided neither the IRRC survey, nor the Sullivan Principles summary report but gave enough information (not standardizable):

General Electric (1978 only)
Kimberly-Clark (1978 only)
Xerox (1978 only)

The following corporations provided either the IRRC survey or the Sullivan Principles summary report but only for 1978:

Abbot Laboratories
CPC International
ITT
Johnson & Johnson

3M
Monsanto
Smithkline
Union Carbide

The following corporations provided the most effective responses which included reports from previous years to 1978:

Bristol Myers
Burroughs
Caterpillar Tractor
Deere & Co.
Eastman Kodak

3. (cont.)

Exxon
Ford
(General Motors)
(IBM)
Pfizer

Only 20 of the corporations in which the University of Michigan has holdings have provided an effective response to the IRRC South African Review Service.

4. The University of Michigan 1978 letter to the corporations

- a) Because the March Regents resolution specified that the University should review only those corporations in which the University has stock, the following corporations did not receive letters: American Can, Bristol Myers, Carnation, Deere & Co., FMC Corp., Smithkline, Standard Oil of California, U.S. Steel, Xerox.
- b) Due to the lists employed and to the late purchase of stock (in the case of General Electric) the following corporations received no letter: Armstrong Cork, Carrier Corp, Continental Corp, Dana, Dupont, General Electric, Getty Oil, Gulf Oil, Halliburton, Pillsbury, Proctor & Gamble.
- c) The following corporations were sent letters by the University of Michigan but no response was recorded in the October update:
Black & Decker
G.D. Searle
- d) Letters sent by the University of Michigan and response inadequate:
 - i) Weyerhaeuser has only stated that it has no manufacturing enterprise in South Africa. We should verify whether it has a sales venture and take employment data from there.
 - ii) Shell Oil may be correct in saying that it itself has no South African subsidiary but we must consider the activities of its related companies there.
 - iii) Texaco should have responded for Caltex.
 - iv) Owens Illinois, Owens Corning Fiberglass and Square D should have responded no matter how insignificant they may think they are.

The University of Michigan has failed to get any response from one third of the corporations in its endowment portfolio which are involved in South Africa

This information gap presents a major problem for the implementation of the March Regents Resolution because, once we look at the available data, we find that there is not enough data to ensure compliance with the Sullivan Principles for 30 companies:

Caltex (Standard Oil of California and Texaco)
Citicorp
Firestone
Owens Illinois
Warner Lambert
Merck & Co.
Carnation
Dart
G.D. Searle
Trane
Weyerhaeuser
FMC Corp.

Owens Corning Fiberglass
INA
U.S. Steel
Black & Decker
Armstrong Cork
Carrier Corp
Continental Corp
Dana
General Foods
Getty Oil
Gulf Oil
Halliburton
Shell Oil
Pillsbury
Procter & Gamble
Square D
American Cyanamid
Kellogg

Conclusion: The University of Michigan does not have enough information about one half the relevant corporations in its endowment portfolio to ensure that they are in compliance with the Sullivan Principles. For some of these corporations, better investigative work may determine the nature of their labor practices in South Africa. However, many of these corporations have been given ample opportunity to respond and have failed to do so and there is no guarantee that they will do so in the near future. This information gap provides an additional reason why the March Regents Resolution is essentially very difficult to implement and should be re-evaluated at this time.

The Principles Progress Report

While for most of our corporations, we have no idea whether or not they are in full compliance with the Sullivan Principles it is still possible to produce a progress report for those companies on which we have data.

Principle 1: Non-segregation of the races in all eating, comfort and work facilities:
(data taken largely from the IRRS South African Review Service)

<u>Fully desegregated</u>	<u>Partially segregated</u>
Caterpillar Tractor	Ford Motor
Exxon	Abbott Laboratories
Johnson & Johnson	Burroughs
Pfizer	CPC International
Eastman Kodak	Deere & Co.
3M	Monsanto
Xerox	Union Carbide
	Kimberly-Clark
	Kellogg
	ITT

Two companies, Union Carbide and ITT, claim that segregated toilet facilities are required by law in South Africa -- specifically, "Mines and Works Act, Regulation 4 (8) 1 and 4 (9) 2".

Principle 2: Equal and fair employment practices for all employees.

Almost all firms which responded effectively to the IRRRC provide common benefits and a non-discriminatory grievance procedure. Most firms do not bargain with unions, although approximately one half of these provide for workers' liaison committees.

The Sullivan Principles Summary Report (filed by the most effective respondents) provides no concrete means of evaluating the most critical category under Principle 2:

"Support the elimination of all industrial racial discriminatory laws which impede the implementation of equal and fair terms and conditions of employment, such as abolition of job reservations, job fragmentation, and apprenticeship restrictions for blacks and other non-whites."

From the 1978 Senate survey we know that the following corporations have made no effort in this direction: Abbott Laboratories, American Express, Caltex, Dow Chemical, M&T Chemical (American Can), and Monsanto.

Eastman Kodak, Exxon, Merck & Co., and General Motors have sought and received exemptions under these discriminatory laws. Bristol Myers, Caterpillar Tractor, Ford, and IBM have been contacted for violations of laws related to labor practices. None of our corporations has been fined or prosecuted under these laws.

Principle 3: Equal pay for all employees doing equal and comparable work for the same period of time.

Equal pay for equal work should almost be taken for granted. Most companies abide by this in theory. The only possible exceptions, according to the 1978 Senate survey, are Mobil and Monsanto (who refused to answer the question on equal pay), and Kellogg and Smithkline (who stated that they do not pay equally).

In practice, however, equal pay is irrelevant for many of these companies where blacks and whites are not in the same salary grades, or where newly-promoted blacks do not have the same seniority (and hence salary) as whites in the same job category. The data for specific firms is available in the IRRRC Service but is too detailed to present in this communication.

The final relevant category under Principle 3 states that minimum wages should be well above the local minimum economic living level. According to the 1978 Senate survey, the following firms were in violation of this aspect of Principle 3: American Express, Colgate Palmolive, American Cyanamid, Eli Lilly, Firestone, Ford, Goodyear, Deere & Co., Kellogg and Smithkline.

Principle 4: Initiation of and development of training programs that will prepare, in substantial numbers, blacks and other non-whites for supervisory, administrative, clerical and technical jobs.

Almost all corporations are training but the training tends to be sparse, haphazard, and generally not oriented towards preparing Africans for supervisory and managerial roles. Popular training for Africans tends to focus on safety and literacy, while white employees receive the more lucrative sales and managerial training. Some corporations' concepts of the scope of this principle are rather broad. CPC International, for example, states that it has trained 380 blacks in:

"Basic economics -- orientation to Western systems, household budgeting and health, including family planning, hire purchase, etc..."

Here again, data on specific firms may be obtained from the IRRRC Service.

Principle 5: Increasing the number of blacks and other non-whites in management and supervisory positions.

We have already mentioned the fact that most of these corporations (with the exception of those which have operations in the bantustans) are not engaging in significant training of black employees for managerial positions. It should come therefore as no surprise that only three corporations who answered the IRRC with a Sullivan Principles Summary Report or data which could be translated into an equivalent format has blacks or other non-whites among their "managers and officials." These corporations are CPC International, 3M and Xerox. For the rest of the corporations that offered comparable responses, the "managers and officials" level was 100% white. No corporation in which the University of Michigan holds shares has yet reported having a black person in direct supervisory position over a white person. Here again, information on specific firms is very detailed and can be obtained through the IRRC Service.

Principle 6: Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.

All corporations which have provided adequate responses are doing something that pertains to Principle 6. This principle, however, is so open-ended that it would be absurd to attempt to quantify corporate responses or aggregate any of the data provided. General responses include such things as home improvement loans, educational assistance for the employees' children, and charitable contributions to schools, hospitals, and foundations. The efforts now being made under Principle 6 come nowhere near Revd. Sullivan's ideal of:

"education and training of large and telling numbers of blacks and other non-whites as quickly as possible. The ultimate impact of this effort is intended to be of massive proportion, reaching millions."

In summary, for the few corporations on which we have data, we find that compliance with the Sullivan Principles is sketchy at best, especially for the most significant principles involving training and promotion of black employees. As far as the rates of training and promotion over time are concerned, the most significant conclusion that can be drawn from the company data is that South Africa will be liberated from apartheid by force long before the U.S. corporations achieve proportional representation of Africans in managerial positions. This is the third reason why the March Regents Resolution must be re-evaluated at this time.

Legal and Political Obstacles to Disclosure and Implementation of the Sullivan Principles

We have already mentioned the Mines and Works Act which prohibits desegregated restroom facilities. There are also numerous job reservation laws on the books which were set up with the intent of protecting White jobs. These laws restrict the non-white South Africans from performing certain types of skilled labor. A South African Government Commission is now in the process of reviewing the job reservation laws.

It is questionable, however, whether these laws will be repealed in the immediate future. The Nationalist Party was elected into office by whites only (the other races being legally disenfranchised) and will remain there while it protects white interests. The backlash against this government attempt to liberalize the job reservation laws is already being felt in South Africa where

white miners walked off their jobs in protest. Interestingly, this strike began at the O'Kiep copper mine in which Newmont (a U.S. company) has controlling interests and is a Sullivan signatory. (New York Times 3/8/79, Detroit Free Press 3/8/79)

There are also numerous obstacles to disclosure. First, many of the strategic industries, eg. petroleum and the nuclear industry, are protected under the Official Secrets Act of South Africa, which forbids disclosure of many aspects of their operations. This law has successfully been invoked by Mobil and Caltex to avoid disclosure on their involvement in oil sales to Rhodesia when confronted with a U.S. Treasury Department investigation.

Second, for some industries South African law forbids disclosure if the foreign equity in the company is less than 50%. ITT, in its response to the IRRC stated that the South African government advised Altech (with which ITT's Standard Telephone and Cables S.A. Ltd. merged and in which ITT holds 34.2% equity) that:

"in view of the fact that the foreign shareholding in your company is less than 50%, it is regretted that permission cannot be granted to your company to disclose any information."

Note: Altech disregarded South African law in this instance.

Finally, a new law passed June 20, 1978, The Protection of Business Act, forbids compliance with any attempt from abroad to obtain business data. The law states:

"No person shall in compliance with any order, direction or letters of request issued or emanating from outside the Republic, furnish any information as to any business whether carried on in or outside the Republic." (Southern Africa, Oct.'78)

The Washtenaw County Coalition Against Apartheid sees this legislation and the present political climate in South Africa as serious obstacles to the successful implementation of the Sullivan Principles strategy. This is the fourth reason why the March Regents Resolution must be re-evaluated at this time.

Too Little, Too Late

Beyond the problems in the March Regents Resolution and the problems with implementation of a strategy based on the Sullivan Principles, there are also some major problems with the Principles themselves. These problems are the most serious ones which this communication will address and are central to the Washtenaw County Coalition Against Apartheid's argument that the University of Michigan's policy on South Africa must be re-evaluated at this time.

1. The Principles lack specificity in three critical areas:
 - a) no standards are set by which corporate performance in all areas except desegregation is to be evaluated.
 - b) no timetable is set by which corporate performance in these areas can be measured.
 - c) it is not clear which companies are covered by the Sullivan Principles, especially:
 - i) companies in which the U.S. corporations own less than 100% equity.
 - ii) companies which have no subsidiaries in South Africa but which operate through local distributorships. Are these distributorships accountable?
 - iii) companies which subcontract to South African firms for their lowest-paid laborers, e.g. janitors and catering staff. Are these South African firms accountable?

2. The Principles are endorsed by the South African government.

The Washtenaw County Coalition Against Apartheid argues that endorsement of these Principles by the South African government which continues to be committed to the racist and unequitable policy of apartheid (or separate development) provides adequate proof that compliance with these principles will not bring about an end to apartheid.

The Sullivan Principles do not give the black South African the right to vote or own land. They do not give him equal access to education and medical care. In fact, the Sullivan Principles do not affect the lives of most black South Africans who live and work outside the sphere of influence of these corporations.

3. The Sullivan Principles do not address the numerous ways in which U.S. corporations uphold the South African system.

a) Control of certain industries. The following corporations control substantial shares of these markets:

Kellogg - 41% of the ready-to-eat cereals

Exxon - 45% of the gasoline pumps

Colgate Palmolive - 27% of detergents and soaps

American Express - 65% of "tourist financial services"

IBM - 38-50% of data processing equipment (U.S. companies control 70% of that market)

GM, Ford & Chrysler - at least 33% of the motor vehicles

Caltex, Mobil and Exxon - 44% of petroleum products

Shell - 25% of petroleum products

Union Carbide - 20% of chrome

Xerox - approximately 33% of copiers

Eastman Kodak - 22% of photographic equipment

Goodyear - 33% of tire market

U.S. companies - 25% of mining industry

It is interesting to note that while these corporations control a significant portion of sales (and often investment capital) in these industries, these sales and investments usually represent 1% or less of these corporations' total worldwide sales or investments. Thus it can be argued that corporate withdrawal from South Africa will have a greater economic impact on South Africa than on these companies.

b) Corporate taxes paid to the South African government.

The exact amount of these taxes is unavailable but according to Barbara Rogers, author of White Wealth and Black Poverty (1976), the law requires that in South Africa 41% of company profits be paid to the state.

c) Sales of strategic materials to the South African government:

- approximately one third of IBM's business is with the government. IBM has sold or leased computers to the Department of Defense, the Department of the Interior, the Department of Prisons, and the Atomic Energy Board, among other government agencies.

- ITT's Standard Telephone and Cables has sold communications equipment to the South African police and the Simonstown Naval Base. 70% of STC's sales are made to the South African government.

- In 1977, GM sold almost all its locomotive and a substantial share of its truck output to the South African government.
- Ford has sold 17 transport buses, among other things, to the South African Defence Force.
- GE makes 80% of the diesel locomotives used by South African Railways.
- 6.8% of the oil sold by Caltex in 1975 went to the South African government. Caltex has stated that under South African law it cannot commit itself to not supplying the military.
- Mobil, Caltex, Shell, BP and Total have been supplying the illegal Smith regime in Rhodesia with oil since the UDI. This oil has been vital in keeping that regime in power.

In the future some of these sales will come to an end because of a comprehensive U.S. government ban on sales to the South African police and military. Some companies, such as Eastman Kodak, are complying voluntarily with these sanctions. Kodak has indicated to the South African government that it will not replace Polaroid in providing photographic equipment for the passbooks. Other companies are seeking exemptions:

"Johnson & Johnson is negotiating with the Department of Commerce to obtain licenses to sell health care products to the military for humanitarian purposes."

The Washtenaw County Coalition Against Apartheid argues that any sales to the South African government, whether civilian or military, assist in keeping that government in power and assist in maintaining the apartheid system in South Africa.

4. Other forms of direct support to the South African government.

- a) In 1976, the Chevrolet dealers (GM) of South Africa organized a raffle in support of the South African Army Fund. An advertisement for this "Esprit de Corps" campaign which appeared in the Rand Daily Mail is included in the addenda. These efforts raised R 30,000.
- b) In May 1977 General Motors put forward a secret contingency plan which would be put into effect in the event of civil unrest. This plan makes it clear that in the event of a national emergency G.M.S.A. would be coopted for military production:
Section 4(B) "In the event that an emergency situation is declared, it is likely that there will be imposed requirements, e.g. trucks and commercial vehicles to meet national needs. Under such conditions it is almost certain that manpower requirements would have to be supplemented and would most probably be controlled by a central authority such as the Manpower Board. Vehicles may be taken over for Civil Defense purposes."

The plan also contains extensive guidelines for the formation of a GM Commando and the defense of the G.M.S.A. plant. It also outlines the assumptions related to this plan, among which:

"It is assumed that almost 100% of White employment at GMSA would not be party to creating or stimulating civil unrest and that the population groups involved would be African and Coloured."

- c) The South African government has decreed that one third of all insurance and pension funds must be held in government stocks. This has been increased by 2% each year in 1975 and 1976. In 1977 this source of capital was expected to total \$760 million. Any bank with branches in South Africa must abide by this decree.

There are numerous other ways in which U.S. corporations uphold the apartheid system:

- providing large numbers of jobs for skilled white workers;
 - providing needed foreign capital whether directly in bank loans, or indirectly in investments;
 - participation in key industrial development projects, e.g. nuclear power, the SASOL coal gasification, the Sishen-Saldanha development project, etc...
- All of these areas have received wide discussion already.

The Washtenaw County Coalition Against Apartheid argues that the contribution these corporations make towards upholding the South African government and the standard of living of the white minority far outweigh any activities they might engage in on the behalf of the black majority under the Sullivan Principles. The Sullivan Principles are too little compensation for the harm done to black South Africans by these corporations which, in the words of one black South African leader, "favor profits over human aspirations". The Sullivan Principles are too late to avert the course of the freedom struggle in South Africa. This is the fifth reason why the March Regents' Resolution should be re-evaluated at this time.

Conclusion

There is a final and most significant reason why the March Regents Resolution should be re-evaluated at this time; a growing majority of the South African black population do not favor the Sullivan Principles but support U.S. corporate withdrawal from South Africa. William Bowdler, U.S. Ambassador to South Africa states in a 1977 cable to the State Department:

"Measures which only relieve hardships like marginal raises, subsidized meals, school fee allowances, and personal loans are seen as panaceas which evade question of basic rights of workers. Moreover benevolence toward workers which may impress stockholders at home fails to get at issue of whether presence of foreign firms represents collusion with and effort to profit from apartheid...

With radicalization of black attitudes, tendency to call for disinvestment grows stronger. Added to the heightened expectations from new US administration on South African issues, must be expected that role of American firms here will become increasingly controversial and rationale for continued presence will seem less and less persuasive to growing number of blacks."

Despite the fact that it is a crime under the Terrorism Act of the Republic of South Africa to call for disinvestment, the following organizations have done so: African National Congress, Pan Africanist Congress, South West African Peoples Organization, Patriotic Front, South African Congress of Trade Unions, Indian Congress of South Africa, Black Peoples' Convention, Soweto Students Representative Council, South African Students Organization, and the Christian Institute. A few of these calls for disinvestment have been reproduced in the addenda.

In March 1979, the Washtenaw County Coalition Against Apartheid calls on the University of Michigan to fully support the black South African majority in their struggle for freedom from apartheid. We call on the Regents to re-evaluate and withdraw last year's resolution because it is neither effective nor capable of being adequately implemented. We call on the University of Michigan to support the only effective solution: full U.S. corporate withdrawal from South Africa.

Sources

Investor Responsibility Research Center South African Review Service, 1978/79

Barbara Rogers, White Wealth and Black Poverty, 1976

Senate Cttee. on For. Rel. Subcttee on Afr. Affairs, "U.S. Corporate Interests in Africa", January 1978

Southern Africa April 1978 -- Bowdler cable

October 1978 -- G.M.'s contingency plans

Lawrence Litvak et al., South Africa: Foreign Investment and Apartheid
Institute for Policy Studies, 1978

UN Notes and Documents:

Ann Seidman and Neva Makgetla "Activities of Transnational Corporations in South Africa" (9/78, 1978) and "Transnational Corporate Involvement in South Africa's Military Build-Up" (35/78, 1978)

UN Commission on Transnational Corporations "Activities of Transnational Corporations and their collaboration with the regime in South Africa" (21/77, 1977)

Martin Bailey and Bernard Rivers, "Oil Sanctions Against South Africa" (12/78, 1978)

Subcommittee on the Implementation of UN resolutions and Collaboration with South Africa of the UN Committee on Apartheid, "Involvement of Foreign Economic Interests in South Africa's Industrial Development Projects" (35/75, 1975)

Appendix 1

Shareholder Proxies

In the interim and until such a time as the University of Michigan divests itself of its stocks and bonds in corporations operating in South Africa, we recommend a vote in favor of the following 1979 shareholder proxies:

INA: resolution requesting the Board of Directors to establish as policy that the corporation not underwrite any more bonds of the South African government, or renew any old commitments.

Exxon: resolution requesting the Board of Directors to establish as policy that the corporation not make further investments or expand operations in the Republic of South Africa unless and until the South African government has committed itself to ending apartheid and taken meaningful steps toward the achievement of full political, legal and social rights for the majority population.

3M and Union Carbide: resolution requesting the Board of Directors to establish as policy that the corporation terminate its present operations in South Africa unless and until the government commits itself to ending apartheid and takes meaningful steps toward the achievement of full political, legal and social rights for the majority population.

Burroughs: resolution requesting the Board of Directors to establish as policy that the corporation not contract to sell, lease or service computers to the South African government.

Ford and General Motors: resolution requesting the Board of Directors to establish as policy that the corporation not sell or service vehicles to the South African military and police, directly or indirectly.

Mobil and Texaco: resolution requesting the Board of Directors to determine as policy that the volume of oil imports into South Africa be reduced by at least one-third to ensure full compliance with the United Nations and the United States ban on sales to Rhodesia.

Caterpillar Tractor and 3M: resolution requesting the Board of Directors to set up a committee to review policy regarding sales to the South African government and its agencies.

Eastman Kodak: resolution requesting the Board of Directors to establish as policy that the corporation not contract to sell photographic supplies which can be used for oppressive purposes to the government of South Africa and establish procedures to ensure that no customer shall resell such supplies.

J.P. Morgan: resolution requesting a full report on its bank's loans to South Africa. The report would include a statement on current policy and the bank's evaluation of how each loan contributed to the well-being of the black majority. *

Citicorp: resolution requesting a full report on its bank's loans to South Africa. The report would include a statement on current policy and the bank's evaluation of how each loan contributed to the well-being of the black majority. *

* The University of Michigan has already taken a decision in favor of these proxies.

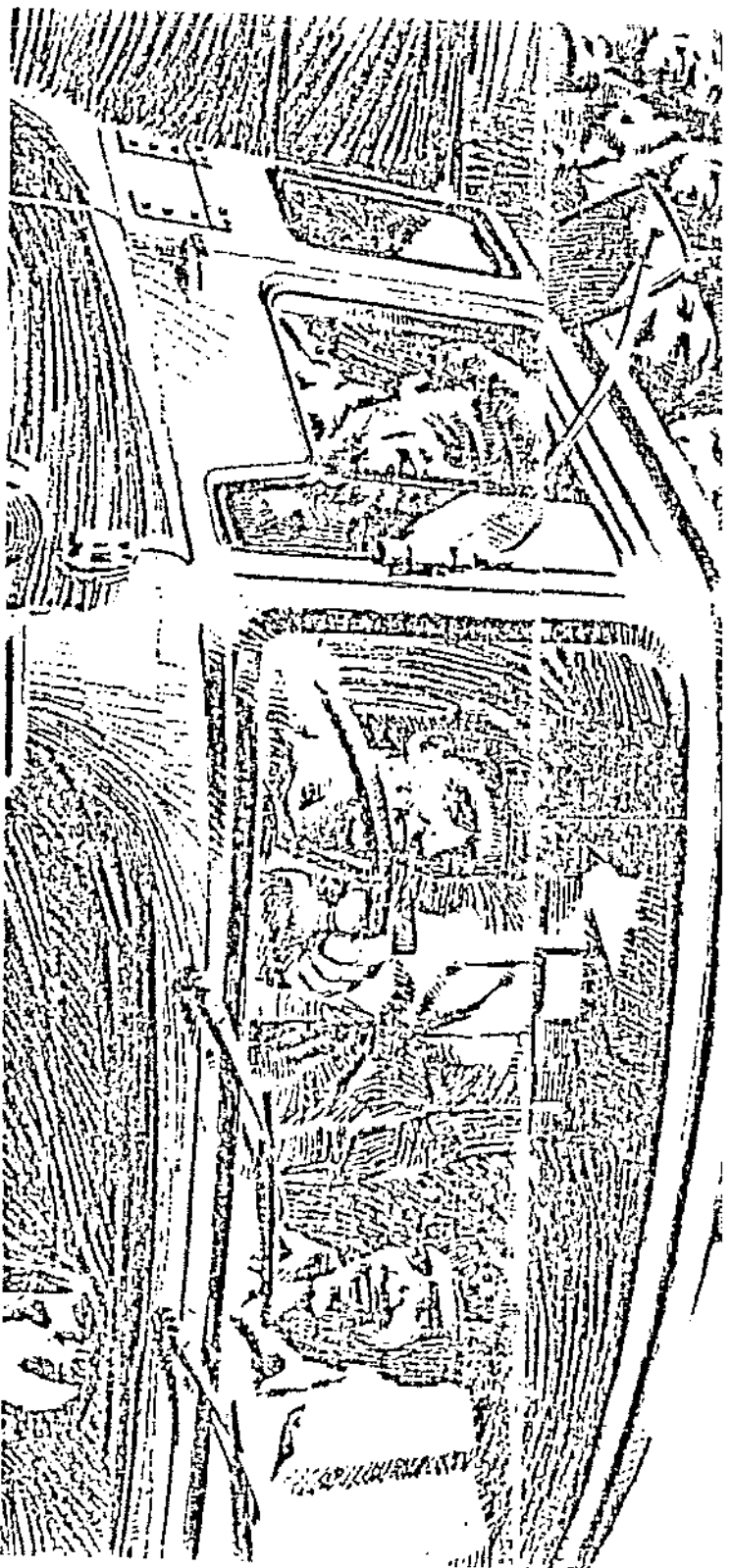
Appendix 2

List of corporations and banks in, which the University of Michigan holds stocks or bonds which are operating in South Africa

Abbott Laboratories	Mobil
American Can #	Monsanto
American Cyanamid	Morgan Guarantee Trust #
American Express	Owens Corning Fiberglass
American Cork *	Owens Illinois
Bankamerica #	Pfizer
Black & Decker	Pillsbury *
Bristol Myers #	Procter & Gamble *
Burrroughs	G.D. Searle
Carnation #	Shell Oil
Carrier *	Smithkline #
Caterpillar Tractor	Square D
Citicorp	Standard Oil of California #
Colgate Palmolive	Sterling Drug
Continental Corp. *	Texaco
Continental Illinois #	Trane
CPC International	U.S. Steel #
Dana *	Union Carbide
Dart	Warner Lambert
Deere #	Weyerhaeuser
Dow Chemical	Xerox #
Dupont *	
Eastman Kodak	
Eli Lilly	
Exxon	
Firestone	
FMC Corp. #	
Ford Motor Co.	
General Electric	
General Foods	
General Motors	
Getty Oil (pref.) *	
Goodyear	
Gulf Oil *	
Halliburton *	
IBM	
INA	
ITT	
J.P. Morgan	
Johnson & Johnson	
Kimberly-Clark	
Kellogg	
Merck & Co.	
3M	

= corporations in which the University of Michigan only has bonds.

* = corporations which are listed in the UN Center Against Apartheid Notes and Documents (14/78, 1978), but which are not on the American Consulate list.



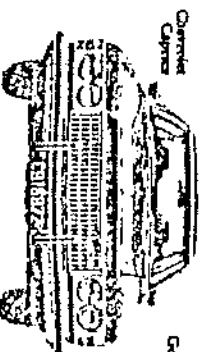
SUPPORT THEM AND WIN YOURSELF A CHEVROLET

They're our South African soldiers. One of them may be your son or your husband. Or the boy from next door.

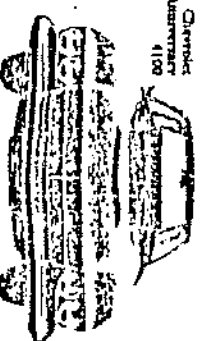
Nation-wide, Chevrolet Dealers believe we can never do enough for them. So in conjunction with the South African Army Fund we are launching the 'Esprit de Corps' campaign. This is what happens to your Rand when you buy a ticket. It will help the Fund look after

the future for South African soldiers. It will provide security for their families should the unexpected happen. And financial assistance if they're injured or disabled. It will help the Fund build rest and rehabilitation centres so they can relax when they come home on leave. And help them with further education. Chevrolet Dealers have also added another reason for taking part in the campaign.

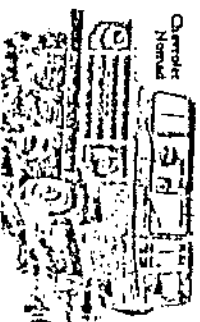
Every time you buy a ticket you have the chance of winning a brand new Chevrolet. A prestige Caprice, a luxurious Golden Anniversary 4100, or the exciting new Nomad. Tickets will be on sale by approved sellers and at all Chevrolet showrooms. These men never say 'No' when called upon - and you?



Chevrolet
Caprice



Chevrolet
Golden Anniversary
4100



Chevrolet
Nomad

In association with 241 South African Chevrolet Dealers **SAFARI**



This striking South African miner wanted his sentiments to be known, but was reluctant to allow his face to be photographed.

South African Whites Fight to Keep Best Jobs

Continued From Page 25

cal pressure at home to extend wider opportunities to their black employees.

The walkout has culminated in a confrontation that has been looming since earlier in the decade, when the Government began easing legal restrictions on black advancement, a change of course for the governing National Party, which vigorously extended such curbs after white workers' votes helped bring it to power in 1948.

Mine managements reported today that many of the estimated 10,000 workers who left their jobs yesterday were drifting back to the mines, apparently fearful of losing their jobs. The Chamber of Mines, representing the powerful mining concerns, issued a statement earlier saying that all those persisting in what it described as "illegal" strikes would be dismissed.

So far, the Government has remained neutral, with Labor Minister Stephanus P. Botha saying he will step in only if the participants fail to resolve the dispute on their own. But even if the flare-up in the mines dies down, the Cabinet soon must face major decisions on labor policy that have been deferred pending the report of a study commission.

Concessions to Blacks Urged

The commission, led by an academic expert on labor law, Prof. Nicolaas Wiehahn of the University of South Africa, is reported to have compiled recommendations that would amount to a minor revolution in this white-dominated country. These are said to include some legal recognition for black unions and an end to all forms of statutory job reservation, under which tens of thousands of skilled positions are denied to blacks.

Only a small fraction of the black work force occupies skilled positions. In state-owned institutions, which account for a quarter of all jobs, a black not doing manual or menial work is still

the exception. In the private sector, blacks are still barred from wide categories of skilled jobs.

The immediate issue in the strike is said to be the employment of three mixed-race workers in skilled jobs in a copper mine. But what gave the walkout its impetus was the imminent release of the Wiehahn report.

For Prime Minister P. W. Botha, the white mineworkers' strike presents a thorny challenge. Most of them are Afrikaners, the Dutch-descended people who are the power base of the National Party. Although some of the miners' leaders already have quit the party and offered their support to a right-wing splinter group, the Reform National Party, most of the rank-and-file still backs the governing group and exercises strong influence on its leaders.

What has angered the white mineworkers has been the progressive weakening of the job reservation system. Over the past three years, Labor Minister Botha has canceled reservation orders affecting thousands of jobs and has pledged to abolish the system altogether. The move generally has

pleased employers, who are eager to replace skilled whites with blacks, whose maximum wage often is only a fifth or less of the minimum paid to whites.

Under existing law, blacks also are prevented from taking apprenticeships that lead to many skilled positions. But many companies, including Harry F. Oppenheimer's Anglo-American Corporation Ltd., which dominates the mining industry, have circumvented restrictions by training blacks outside apprenticeship plans as "artisans' aides." Often, such "aides" do the same work as skilled whites for a fraction of the pay.

When the Wiehahn report is published, the threat to whites' privileges will become greater still. If blacks get trade union rights, companies will come under pressure to abandon contractual undertakings with white unions that have further entrenched the minority's privileges.

The main advocate of the white mineworkers' cause has been P. J. Paulus, 48-year-old general secretary of the 17,000-member Mineworkers' Union. In a recent interview, Mr. Paulus proudly cited figures showing that the union has pushed white miners' wages to an average of \$10,600 a year, compared with an average of \$1,450 for blacks. In the gold mines, employing close to 400,000 people, blacks outnumber whites nearly 10 to 1.

Mr. Paulus defended his union's policies by saying that South Africa belongs to whites and that blacks must seek rights in the tribal "homelands," backward areas assigned to them by the Government. But he also contended that blacks lacked the ability to compete equally with whites, even after training. "You must know a black to realize that he needs somebody to be his boss," Mr. Paulus said. "That's the way it is now, and that is the way it will always be."

PROPERTY OF ROUTE 1000 NEW YORK, N.Y. 10001
CORPORATIONS WITH INTERESTS IN SOUTH AFRICA, WHICH ARE UNDER GROWING POLITICAL

Continued on Page 29



Steve Biko



Oliver Tambo



Albert Luthuli

THE SOUTH AFRICANS

"Heavy investments in the South African economy, bilateral trade with South Africa...are amongst the sins of which America is accused. All these activities relate to whites and their interests and serve to entrench the position of the minority regime. America must therefore re-examine her policy toward South Africa drastically...Whilst it is illegal for us to call for trade boycotts, arms embargo, withdrawal of investments, etc., America herself is quite free to decide what price South Africa must pay for maintaining obnoxious policies."

- *Steve Biko, founder of South Africa's Black Consciousness Movement. Excerpt of a December, 1976 statement published in the New York Times 9/18/77*

"Q. What is the Black community's response to international calls for sanctions?

A. There is no doubt that if South Africa suffers, the Black people will suffer as well. But we must remember that even when a country goes to war, it does so knowing that some of its citizens are going to die in the process. The same thing applies here. We know that there will be suffering, but we realize that it is by suffering that something better may happen. We don't mind taking the consequences."

- *Bishop Manas Buthelezi, a leader of the Black People's Convention, in an interview in the South African Financial Mail 11/18/77*

"Advocates of continued investment claim that if foreign investors withdraw this would result in large scale unemployment of Blacks. Withdrawal can only mean the downfall of the Vorster regime. Black people have pledged themselves to fight for freedom whatever the cost. Black people have endured much suffering and cannot suffer beyond this. Black people in general are prepared to suffer any consequences if this means ultimate Black freedom..."

Foreign investors claim their presence in this country contributes toward the development of the Black community. This claim is disputed by the reality of the



Manas Buthelezi



Donald Woods

Black experience in this country. We resolve therefore: To reject the involvement of foreign investors in this exploitative economic system. To call upon foreign investors to disengage themselves from this white-controlled exploitative system."

- *Statement adopted by the Black People's Convention Congress, 1972*

"SASO sees foreign investment... as giving stability to South Africa's exploitative regime, with its extensions of the likes of the Bantustans, and committing South Africa's trading partners to supporting this regime. For this reason SASO rejects foreign investments."

- *Policy statement of the South African Students Organization (SASO), June, 1977*

"If I said that the only way to bring change would be total economic sanctions, I would be liable to go to jail. So let's just be cagey. Let's just say that I support 'pressures,' and leave it at that."

- *Dr. Nthato Motlana, chairman of the Soweto Committee of 10, in an interview in the New York Times 4/4/78*

"What we in the ANC want to see is what the people of South Africa want to see—our people are not only ready and willing to accept the consequences of action against the regime on the economic front, but they have themselves demanded the total political, economic, cultural and military isolation of the racist regime. We demand total isolation of the racist regime—no investment and withdrawal of existing investment."

- *Oliver Tambo, Acting President-General of the African National Congress, South Africa, in an interview with the Guardian (US) 3/22/78*

"The economic boycott of South Africa will entail undoubted hardship for Africans. We do not doubt that. But if it is a method which shortens the day of blood, the suffering to us will be a price we are willing to pay. In any case, we suffer already, our children are often undernourished, and, on a small scale (so far), we die at the whim of a policeman."

- *The late Chief Albert J. Luthuli, Nobel Prize winner and President of the African National Congress.*

"The ending of foreign investment in South Africa is, of course, a tactical question; it is a means of undermining the power of the apartheid regime. But it is of such importance that there can be no compromise whatsoever about it *from our point of view*. Foreign investment is a pillar of the whole system which maintains the virtual slavery of the Black workers in South Africa."

- *John Gaetsewe, General Secretary of the South African Congress of Trade Unions, quoted in the December, 1977 newsletter of the Madison (Wisc.) Committee on Southern Africa.*

"...disengagement might not itself deal lusty economic blows against a very wealthy country such as South Africa, but it will deal a firm psychological blow against the structure and the system of apartheid. The white government in South Africa is terribly conscious of world opinion—it affects not to be, but it is extremely conscious of it..."

- *Donald Woods, South African editor, in remarks at Yale University reported in the Yale Graduate Professional, 2/3/78*

"Governmental insistence on enforcing apartheid and its rejection of normal negotiation with freely chosen black leaders, have produced a situation in which there are few ways of preventing the escalation of violence and bloodshed into a major confrontation. One of the few remaining methods of working peacefully is through economic pressure, which could help to motivate the changes needed to bring justice and peace in South Africa. The Christian Institute therefore supports the call for no further investment in South Africa because:

1. Strong economic pressure is of vital importance in bringing about as peaceful a solution as possible.
2. Investment in South Africa is investment in apartheid, and this is immoral, unjust and exploitative.
3. Attempts to change the situation through pressure by investors have proved inadequate.
4. The argument that economic growth can produce fundamental change has proven false. Many black organizations have opposed foreign investment in South Africa, and this would be the opinion of the majority of South African blacks if their voices could be heard."

- *Christian Institute in South Africa, 1976 statement*

Note: The Black People's Convention, the South African Students Organization and the Christian Institute are among those organizations banned by the South African government in October, 1977. Dr. Nthato Motlana was detained at that time. He was released in March 1978. Donald Woods was banned. He subsequently went into exile. The African National Congress was banned in 1960. The South African Congress of Trade Unions operates in exile because of banings and harassment of its leaders

African Leaders

"Everyone who invests in South Africa is voluntarily involving himself in organized theft. Everyone who buys South African apples, or wine, or gold or any other goods, is benefitting from the brutality and exploitation suffered by the non-whites of South Africa under the present system."

- *Julius Nyerere, President of Tanzania, in an address to the Paasikivi Society of Finland, quoted in Christianity & Crisis 3/13/78*

"We are...screening all foreign contractors and business firms with a view to discriminating against all those who have business relations with Rhodesia and South Africa...Investors and businessmen are hard-headed calculators and I will leave you to decide and choose between doing business with us or with the racist regimes in southern Africa."

- *Lt. Gen Ousegun Obasanjo, Nigerian head of state, in an address to US business leaders, 10/13/77, reported in Africa News 11/2/77*