

THE CASE FOR DIVESTMENT IN APARTHEID

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If a nuclear device was exploded in the Indian Ocean region on Sept. 22, 1979, it is the result of collaboration between the NATO countries and the government of the Republic of South Africa. Long years of technological and material assistance provided to the apartheid regime have given it a nuclear capability. The U.S. has played the central role: by agreement, South Africa exports uranium ore to the U.S. and receives weapons-grade enriched uranium in return.

As a nuclear power, South Africa is a threat to the African continent and the Indian Ocean region, and to world peace generally. The apartheid government has refused to sign the Nuclear Non-Proliferation Treaty, and has stated it reserves the right to use nuclear force in defense of its interests.

The apartheid state is a time bomb with a hair-trigger. The goal of world peace requires that democratic forces in the U.S. accelerate the campaign to force divestment and the severing of all economic and trade, diplomatic, cultural and military relations with South Africa.

Following are questions and answers on apartheid, U.S. relations with South Africa and the international movement to isolate apartheid.

Q: What is apartheid?

Apartheid is the total disenfranchisement of the African majority in South Africa, established by a series of repressive laws and enforced by fascist terrorism.

In the early 1900s, the white settler group in South Africa - after decades of genocidal war against African tribes and nations - reserved 87% of the land area for itself, and designated the remaining 13% of barren, economically unproductive land as "homelands" or "bantustans" for the African majority.

Through the years, laws such as the Bantu Administration Act (1927), the Suppression of Communism Act (1950), the Native Act (1952), the Bantu Labor Act (1955), the Industrial Conciliation Act (1956), the Unlawful Organization Act (1960), the Sabotage Act (1962), the Publications and Entertainment

Act (1963), the 90-Day Law (1963), the Group Areas Amendment Act (1965), the 180-Day Law (1965), and the Terrorism Act (1967) have made the African majority foreigners and slave laborers in their own country.

Q: To what extent are U.S. corporations and banks involved in South Africa?

A: Britain has historically been the major foreign investor in South Africa, and remains so today. While the U.S. has had investments there since the 19th century, the past 20 years have seen a flood of U.S. investments.

The anti-colonial movement that spread throughout the African continent after World War II was felt in South Africa. Growing resistance to white-minority rule led to a wave of repression and the Sharpeville Massacre of 1960. Fearful of losing their investments in the event of a successful revolution and the nationalization that would follow, British corporations and banks began to withdraw. U.S. investors stepped in. The UN estimates that U.S. investments in South Africa increased 300% from 1960 to 1975, to account for one-sixth of all foreign capital invested there.

A report prepared for the Senate Foreign Relations Committee observed that by the end of 1976, one-third of all bank claims on South Africa - some \$2.2 billion of the total - were owed to U.S. banks and their foreign branches, and placed the value of U.S. corporate investments at \$1.6 billion.

More than 300 U.S. corporations have direct investments in South Africa. U.S. capital in South Africa is highly concentrated: the 13 corporations with the largest investments account for 75% of the total U.S. direct investment, according to the UN Center on Transnational Corporations (1977). Those corporations, in order of their investments, are: General Motors, Mobil Oil, Exxon, Standard Oil of California, Ford, ITT, General Electric, Chrysler, Firestone, Goodyear, 3M Corporation, IBM and Caterpillar (Church Investments, Corporations and Southern Africa, National Council of Churches, 1973).

Q: Why is South Africa a haven for U.S. corporations?

A: Simple economics. The apartheid state enforces huge wage differentials between African and white workers. The South African Congress of Trade Unions, the semi-legal confederation seeking to unite workers of all races in South Africa, gave the following statistics on the wage differentials in 1972:

Wages for white workers are 19.7 times those of African labor in the mines; 5.9 times greater than those of Africans in

manufacturing; 6.5 times greater in construction; 6.7 times greater in the electrical industry; and 5.6 times those of African workers for South African railways (Memorandum of the South African Congress of Trade Unions to the UN Security Council Unit on Apartheid, June 1972).

African workers are concentrated in industrial production: Africans are 90% of the mining work force and over half of the manufacturing workers, while representing only a fraction of bank employees. The surplus value extracted from the labor of the close to 100,000 African employees of U.S. industrial concerns in South Africa accounts for perhaps the highest rate of return on U.S. investments in the world.

Q: Just what is the role of U.S. corporations in South Africa? Do they help to preserve white-minority rule?

A: There is general consensus among the international anti-apartheid forces that foreign investments are the fuel on which the repressive regime operates.

General Motors South Africa is the country's largest motor vehicle company, and represented 14% of the U.S. direct investment in South Africa in 1971 (National Council of Churches, 1973). The cars, vans, tractors, trucks and engine parts produced by GM, Ford and Chrysler account for more than one-third of the South African motor vehicle market. In addition to serving civilian needs, those vehicles and parts find their way into military usage; police cars and trucks, troop transports and the parts to service the same.

International Telephone and Telegraph (ITT) supplies communications equipment for police and military purposes. South Africa General Electric is the biggest electrical company in the country, manufacturing a wide range of household appliances and other equipment, much of which is employed by the military.

International Business Machines (IBM) accounts for half the South African computer market (National Council of Churches, 1973). IBM computers are used by the departments of defense and prisons, and IBM equipment is also utilized in the "population registration system": a euphemism for the hated system which requires all adult Africans to carry a domestic passport that restricts free movement.

Firestone and Goodyear provide tires for military vehicles, as well as whatever other military uses rubber can be applied to.

Imports account for more than 90% of South Africa's

oil needs. Mobil, Exxon and Caltex supply crude oil, handle distribution and take part in oil refining and prospecting for other oil sources. When the Shah of Iran was deposed in early 1979, 90% of South Africa's crude oil supply was cut. South Africa is currently paying huge prices to divert oil shipments to its port city of Durban, and U.S. corporations are assisting that effort through the Transworld Petroleum Corporation (Victor Perlo, "Energy and Apartheid," *World Magazine*, April 5, 1979). South Africa is now engaged in a major program to produce oil from coal, the SASOL project. Fluor Corporation, a California-based engineering firm, is developing the SASOL II project, the cost of which is estimated at \$6.7 billion, which Fluor officials call the largest industrial project in the capitalist world. South Africa hopes to be able to meet 50% of its oil needs through coal-oil conversion by 1982.

Allis Chalmers, a U.S. firm, joined with other U.S. corporations to design and build the research and test nuclear reactor of the Pelindaba plant for the processing of uranium. IBM and Foxboro Corporation provided equipment for the project. As noted earlier, U.S. firms acting in concert with the Federal Republic of Germany and France have given South Africa the nuclear technology capable of producing a weapon.

An analysis prepared by Ann Seidman and Neva Makgetla for the UN Center Against Apartheid (1979) sums up the role of transnational corporations and banks in the South African military-industrial complex:

"Transnational corporations play a key role in providing the hardware and finance for South Africa's military-industrial complex. Their investments in advanced machinery and equipment in South Africa itself creates the industrial infrastructure to enable the South African regime to produce about 75% of its own military needs. In addition, their investments facilitate the import of the parts and materials required to make that production possible. Their international linkages provide the channels through which South Africa continues to import the military machinery and equipment which its own industry cannot produce. Transnational corporate banks provide the essential financial contacts to enable the South African regime to finance its growing domestic and international military purchases."

Q: Our government says there is no direct U.S. military assistance to South Africa, yet several instances of U.S. firms doing just that have been cited. What is the real story?

A: Sean Gervase, a UN specialist on South Africa, told the House Subcommittee on Africa two years ago (1977) that the U.S. has been secretly shipping arms to South Africa since the 1960s. He offered evidence that indicts the U.S. and other

NATO countries as being responsible for building South Africa into a major military power, in direct violation of the UN arms embargo against the apartheid state.

U.S. military dealings with South Africa are a closely-guarded secret. South Africa has in its arsenal M-47 Patton tanks, M-41 Walker Bulldog tanks, M-113A1 armored personnel carriers, Commando V-150 armored personnel carriers, M-7 105mm self-propelled guns and M-109 155mm self-propelled guns: all are U.S. military equipment. The South African Air Force possesses Lockheed F104G fighter-bombers, North American F-51D Cavalier counter-insurgency strike aircraft, Lockheed P-2 Neptune anti-submarine patrol planes and Agusta-Bell Iroquois helicopters; again, U.S. military equipment.

Gervasi told the House subcommittee that he believed much of the current South African military equipment was sold to the regime after the voluntary UN arms embargo was adopted in 1963.

A favorite way of masking U.S. military assistance to South Africa is through licensing foreign firms to produce U.S. weapons. Ford Motors licensed Oto Melara, a major Italian arms producer, to produce the M-113A1 armored personnel carrier. Oto Melara ships the finished product to South Africa.

There have also been direct weapons sales in violation of the UN embargo and in violation of loosely-enforced U.S. laws against such transactions. The Olin Corp. was found guilty of such sales, and fined.

An ultra-conservative bloc in Washington is urging that South Africa be incorporated into NATO as the hub of a South Atlantic Treaty Organization (SATO). Such a development, linking NATO with South Africa, Chile and other U.S. client-states in South America to "stop the advance of communism" would be the final touches on the fortress that NATO has already helped to build in southern Africa.

High-level military cooperation between NATO and the South African regime is already a reality. The UN Special Committee against Apartheid reported in 1975 that Pretoria has access to the NATO defense codes, and has used the codes to program its sophisticated electronic surveillance system, Advocaat, located at Silvermine. The Advocaat system monitors all maritime traffic from the Cape of Good Hope to North America, South America, the Antarctic region and India. It was especially designed to promote greater military cooperation between South Africa and the NATO countries.

The Special Committee against Apartheid noted that the U.S. was among the Western powers that were directly involved in

developing the Advocaat system.

Q: What would be the effect of a total arms embargo and economic sanctions, including an oil embargo and investment withdrawal?

A: The African National Congress, the legitimate voice of the masses of South Africa's peoples, has repeatedly said that isolation of the apartheid state - breaking all economic, military, diplomatic and cultural relations - would bring the white-minority regime down. The UN Special Committee against Apartheid "attaches the utmost importance" to total isolation.

"Such isolation, depriving the racist regime of the benefits of international cooperation, constitutes the most effective assistance to the South African people in their struggle for freedom" (Report of the Special Committee against Apartheid, 30th Session of the General Assembly, 1975).

The South African war machine - which as conducted terrorist raids into neighboring African states as well as enforcing fascist repression domestically - would grind to a halt without oil or the equipment provided by transnational corporations. Cancellation of bank loans and divestment would precipitate an economic and political crisis in South Africa that "would constitute an important step in the struggle against the racist regime" (UN Center on Transnational Corporations, 1977).

Q: Wouldn't divestment bring great hardship to the African workers employed by U.S. corporations in South Africa?

A: Compared to what Africans experience in everyday life under apartheid, such "hardships" would be worth the final result: majority rule.

U.S. corporations maintain they are playing a role in breaking down the apartheid system by offering equal pay for equal work and by seeking to do away with "petty apartheid": segregated eating, bathroom and other facilities. On the whole, U.S. corporations have conformed with the laws of South Africa in critical areas. Until the recent decision of the apartheid government to allow limited trade union organization by African workers, U.S. firms abided by the proscriptions against African trade unions. Despite the claims of upgrading the skills and pay of African labor, U.S. corporations have preserved the wage differentials that are the source of their enormous profits, and that wage gap has actually grown larger.

Q: Haven't U.S. corporations improved the conditions of African workers in South Africa by adhering to "codes of conduct"?

A: It is the economic realities of South Africa rather than the "principles" of the transnationals that have brought about changes in the status of African workers. South Africa has a severe shortage of skilled labor. The laws which forbid African workers from holding skilled jobs have been slowly crumbling under pressure of the threat of economic stagnation. White immigration to South Africa has deteriorated to the point that it no longer meets the needs of the economy. Increasing military call-ups in the wake of the growing armed struggle being waged by liberation forces has also drained the potential pool of white skilled labor.

One should remember that the major voices against divestment are speaking for the corporations that would have to take the losses. Rev. Leon Sullivan, author of the Sullivan Principles, is on GM's board of directors. The "principles" seek to short-circuit the movement for divestment by offering a conduct code for the corporations, and are part of an overall effort by the transnationals to maintain the profits while minimizing their "moral guilt."

Vernon Jordan, National Urban League director, who has also campaigned against divestment, sits on several corporate boards. Rev. Jesse Jackson, who recently visited South Africa, has called for no new investments, but stops short of calling for divestment; he sits on transnational boards also.

The claim by the U.S. State Department that economic sanctions and divestment would jeopardize the West's bargaining position with South Africa in regard to independence for Namibia and Zimbabwe is just as hollow as the other arguments against divestment. If anything, the repeated Security Council vetoes of the U.S., Britain and France have prevented the UN from acting against South Africa under Chapter VII of its charter - threat to world peace - and have enabled South Africa to dig itself in.

Q: Who are the forces in the U.S. calling for divestment and what is the outlook?

A: First of all, it is important to understand that South Africa is isolated as far as world public opinion is concerned. The UN General Assembly has repeatedly called for mandatory sanctions against the apartheid regime, only to be thwarted by NATO vetoes in the Security Council. Perhaps the best indicator of South Africa's isolation can be seen in the fact that the apartheid regime itself is the only country that has extended diplomatic recognition to Transkei, Bophuthatswana and Venda; South Africa's bantustans that have been granted "independence."

In the U.S. a wide range of political, religious,

trade unions and student forces are lined up on the side of the African masses.

Victories can be won. Pressure from anti-apartheid forces caused the cancellation of a scheduled South African tour by The Jacksons, a popular U.S. musical act. Resolutions have been submitted and passed by city councils throughout the country, condemning apartheid and U.S. business dealings with apartheid.

United action now can send apartheid to its final rest on the scrapheap of history.