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LABOR AND SOUTH AFRICA

It might cause some suffering at first if American companies are forced to leave, but nothing compared to the suffering we could bring to an end if we could get rid of the regime we have now. Even the people who have jobs with the American companies are willing to sacrifice a little to be able to live as free people.

National Union of Mineworkers official

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SOUTH AFRICA

U.S. Corporate Interests In South Africa

The days of apartheid are numbered. Political instability — despite all attempts to "reform" the system — rocks South Africa. Over the last year, more than 500 black South Africans have been killed in protests and demonstrations. On July 21 of this year, the government declared a state of emergency and granted near-absolute powers to the police and military. Over 400 blacks were arrested and eight were killed in the first 36 hours of the emergency declaration.

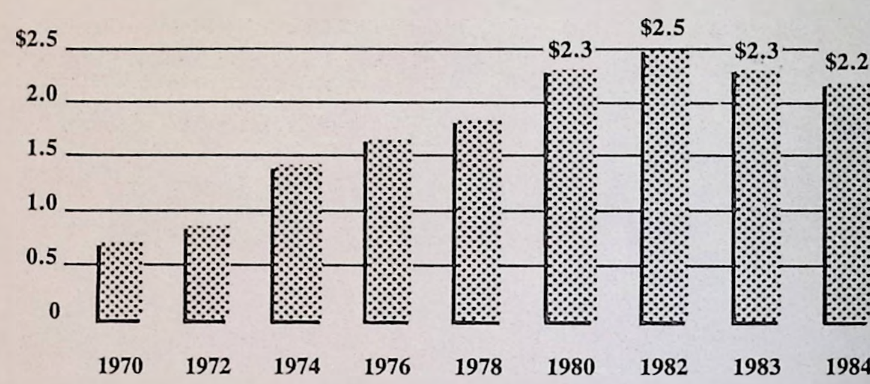
Economic recession has plunged the country into a full-scale economic crisis. Production, spending, and investment have deteriorated, while inflation and interest rates have soared. Non-racial trade unions have doubled and tripled their membership in the space of a few years, and now challenge both sub-existence wage rates and racism as a tool to divide the working class.

These forces within South Africa — the increasing vulnerability of the corporate ruling class and the growing militancy of black workers — present workers in other countries, particularly in the U.S., with an opportunity to accelerate their efforts to bring every possible pressure to bear on the South African regime. As black workers in South Africa struggle to pull down the apartheid system, workers in the U.S. are mobilizing to push U.S. supports out from under the South African regime.

These U.S. supports — the Reagan Administration and the U.S.-based banks and corporations with interests in South Africa — are documented in this issue of *Economic Notes* to aid U.S. trade unionists in their anti-apartheid work and in their struggles against the same corporations in the U.S.

The U.S. is South Africa's largest trading partner, its second largest foreign investor, and the source of one-third of its international credit. U.S. investments in South Africa, including investments made through subsidiaries in other countries, are estimated at $4.4 billion. In addition, U.S. investors hold approximately $8 billion in shares in South African mining companies. U.S. companies engage in $4.8 billion in trade with South Africa, and U.S. bank loans to South Africa now stand at $4.5 billion. U.S. corporate involvement in South Africa, then, totals almost $22 billion, in a country where the gross national product is less than $80 billion.

U.S. Direct Investments in South Africa
(in $billions)



Source: U.S. Department of Commerce
Economic Notes

Direct Investments

The primary interest in South Africa is, of course, the high rate of profit generated by abundant cheap labor supplied by the racist apartheid system. U.S. companies employ approximately 100,000 South African workers, most of whom are black and earn less than $350 per month for manufacturing work. For the five years 1979–1983, the rate of return on U.S. investments in South Africa averaged 16.2% despite South Africa's recession-ridden economy.

The most recent directory of U.S. firms operating in South Africa lists 284 corporations with direct investments and 35 companies with distribution or support services located in South Africa. Most of the corporations are large U.S.-based transnationals. Of the 50 largest corporations in the *Fortune* 500, 31 have direct investments in majority-owned South African affiliates. U.S. firms account for approximately 20% of all foreign investment in South Africa.

According to the U.S. Department of Commerce, U.S. direct investments in South Africa totalled $2.3 billion in 1983; current estimates indicate that a figure of $2.2 billion will be reported for 1984. These figures do not include minority holdings or investments that take place through the Canadian or European affiliates of U.S.-based transnationals.

A U.S. consulate report notes that the level of U.S. investment in South Africa would be double the reported amount if investments channelled through foreign subsidiaries were included. In addition, the overvaluation of the dollar against the South African rand causes the reported assets to lose value on paper when they are translated into dollar amounts. The apparent decline in U.S. investments is largely due to this exchange factor.

The great bulk of U.S. investment in South Africa is directly or indirectly tied to the fortunes of South Africa's manufacturing sector — the strongest sector of the South African economy. The manufacturing sector was built on South Africa's agricultural and mineral wealth, combined with the constant supply of cheap labor produced by the apartheid system. U.S. corporations played a key role in early South African industrialization, and continue today as important partners in

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U.S. Interests

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the development of a high-growth national economy with a large and technologically advanced manufacturing base.

In this sense, the significance of U.S. investments in South Africa goes far beyond their dollar value. U.S. corporations control almost half of the South African oil industry, 75% of the computer industry, and 23% of the auto industry. U.S. interests are involved in every strategic sector of South Africa's complex industrial economy.

Trade

The U.S. is also South Africa's largest trading partner. U.S. corporations carry on extensive trade with South Africa — $4.77 billion in 1984 — and thus provide yet another critical point of support for a regime that is dependent on foreign sources for industrial equipment and technology. U.S. exports to South Africa for 1984 totalled $2.27 billion, accounting for roughly 12% of all South Africa's foreign purchases.

Leading U.S. exports to South Africa in 1983 included $218.4 million in aircraft and aircraft turbines — approximately 60% of South Africa's foreign supply — and $122.2 million in computers and computer parts — approximately 35% of South Africa's foreign supply. U.S. producers also provide significant portions of South Africa's capital equipment and machinery imports and vital components for the transportation sector.

In turn, the U.S. provides a market for approximately 12% of all South African goods sold abroad, including one-third of South Africa's total Krugerrand gold exports — a vital component in South Africa's much-needed foreign exchange earnings. U.S. importers purchased $2.5 billion in South African goods in 1984.

U.S. goods for South Africa are loaded on Nedlloyd Group ships at Seattle, Longview, Oregon, San Francisco, and Los Angeles, and then pass through the Panama Canal. The Bank Line sails from New York to South Africa every three weeks; U.S. Lines sails every two weeks. South African Marine — the South African state-owned line — sails directly from New York to South Africa every week.

U.S.-South African trade is also carried on through ports in Baltimore, Erie, Philadelphia, and Mobile. A number of shipping lines transport goods between the U.S. and South Africa through European and Israeli ports. Kruggerrands are commonly flown into New York, Montreal, and Toronto.

Working Under Apartheid

Apartheid — "separateness" — is a complex system of open, legal racial discrimination which allows 4.5 million whites to maintain political and economic control over 22.5 million blacks and 4 million "coloreds" (mixed race) and Asians (primarily Indians and Pakistanis). Apartheid is the key to control over a workforce which produces huge profits for a small corporate ruling class.

The entire South African economy is based on black labor. Blacks make up 90% of the entire mining workforce — a critical source of South African capital, and 75% of the manufacturing workforce — the backbone of the economy. Black workers produce over half of all the country's textiles, metals, rubber, chemicals, machinery, paper, plastics, wood, and food products. They account for 72% of all South African workers, but receive less than 30% of all wages paid out. In most major industries, black wages are commonly 20–25% of white wages.

There are over 1 million black manufacturing workers in South Africa. The annual amount of value added by labor to the total value of goods produced is approximately $6,500 per worker — almost twice the average amount paid out in wages to black manufacturing workers.

Over half of the black population lives below the official poverty line. The estimated 1.3 million blacks who work on white-owned farms earn less than $50 a month; the estimated 700,000 domestic servants earn less than $100 a month. Overall black unemployment is estimated at 25%, with rates ranging from 40–80% in the black "homelands."

Under law, 87% of all South African land is reserved for white citizens; 13% is reserved as "homelands" for blacks, who are classified as non-citizens. Black South Africans have no right to vote and no right to own property in white areas or to remain there without a permit. Over 11 million blacks now live in the "homelands" where no viable economy is possible. Over 3.5 million have been forcibly removed to the "homelands" since 1960.

Black workers are classified into three groups: (1) urban workers, who live in segregated townships near workplaces in white areas; (2) commuters, who travel from the "homelands" to their workplaces in the white areas each day; and (3) migrants, who are assigned to "homelands" that are beyond commuting distance from their workplaces, and therefore separated from their families. There are now approximately 1.4 million "migrant" workers and 800,000 commuters.

Black South Africans must carry with them at all times racial identity passbooks which contain their photograph, fingerprints, employment history, travel permits, homeland assignment, tax status, and family records. The passbook system is used to enforce apartheid and labor control. An estimated 7 million blacks have been tried for passbook offenses over the last twenty years. South Africa has the highest per capita prison population in the world; 40% of all black prisoners are serving time for passbook offenses.

Under the Internal Security Act, a vast array of police-state measures are legal, including indefinite detention without trial, prohibitions on meetings or gatherings of any kind, random searches, and bans on organizations and publications. Picketing for any purpose is illegal, and virtually all strikes are illegal. □

Dependency

Trade is essential to the South African economy and to the economic requirements of minority rule. Approximately 60% of the South African gross domestic product is linked to trade. Despite extensive government programs and regulations geared to

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U.S. Interests

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make the economy more self-sufficient and less vulnerable to international sanctions, South Africa's dependency on foreign sources for industrial equipment and technology has increased. According to the U.S. State Department, South Africa would be crippled if the high technology provided by transnational corporations was no longer available.

Over 80% of all of South Africa's mineral production — a key source of capital — is exported, primarily to Europe, Japan, and the U.S. These exports represent over 55% of South Africa's total export earnings, which must be used to finance purchases of foreign technology, industrial equipment and parts, and other strategic goods. In addition, the mass poverty created by apartheid leaves South Africa's domestic markets too small to consume the vast amounts produced by its highly developed economy. South Africa must export to keep production and profits at high levels. U.S. corporations are both willing buyers and suppliers.

Sanctions

Only the developed capitalist countries and the right-wing governments of Latin America maintain diplomatic relations with South Africa. The socialist countries have long followed the United Nations mandate to terminate all relations with South Africa, including all investment, trade, and bank loans. The United Nations has repeatedly made special appeals to South Africa's largest trading and investment partners — the U.S., Great Britain, and West Germany — to impose full economic sanctions on the apartheid regime, but to no avail.

The Reagan Administration wields stringent economic sanctions and restrictions against Nicaragua, Cuba, the Soviet Union, and Vietnam, but fights even mild sanctions against South Africa, where overt race discrimination and exploitation is enforced with guns and gas. Reagan stations thousands of troops in Central America to "defend democracy," but argues that the white minority regime in South Africa must not be subjected to outside interference in its "internal" affairs.

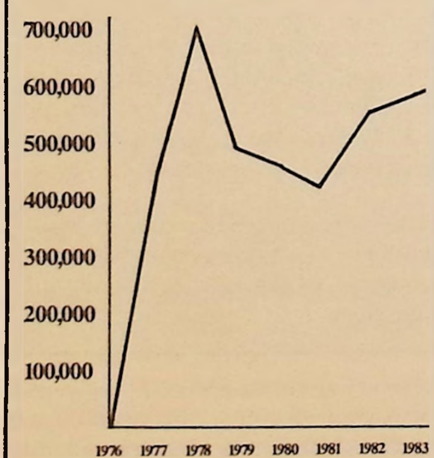
U.S. and South African interests are closely intertwined. As Chester Crocker, author of Reagan's "constructive engagement" policy on South Africa, once stated: "South Africa is an integral and important element in the Western, global system. Historically, South Africa is by its nature a part of us." In a large sense, Crocker is right. South Africa is dominated by the same corporate interests that operate in the U.S.

Anglo-American, South Africa's largest corporation, is the single largest foreign investor in the U.S. Ingersoll Rand produces industrial machinery in South Africa and the U.S., and attempts to break the unions in both countries. General Motors tries to force concessions in Detroit and Port Elizabeth. Transnational capital operates around the world as a unified force in its attempt to maximize long-term profitability through downward pressure on wages and the repression of trade union rights.

United capital can only be checked by labor unity — a united trade union offensive against the transnational corporations and the governments that serve them. The worldwide trade union actions now taking place in defense of South African workers provide fertile ground to develop international labor unity on a broader and deeper scale. □

U.S. Steel Imports from South Africa

Net Tons



Source: American Iron and Steel Institute. Economic Notes

Select Leading South African Imports, 1982 Percentage Supplied by U.S. Producers

Aircraft and parts	54.7%
Excavating and mining equipment	48.1
Computer equipment	46.9
Railway equipment	42.9
Paper and paperboard	31.5
Chemical products	28.7
Taps, valves, corks	27.5
Shafts, cranks, casings	24.1
Bearings	23.7
Pumps, valves, compressors	20.9

Source: U.S. Department of Commerce, *Overseas Business Reports*, 11/84.

Sources

Most of the information in this issue is taken from the publications of the South African Ministry of Information, the U.S. Department of Commerce, the U.S. business press, and the extensive publications of the organizations listed below.

Investor Responsibility Research Center, 1319 F St., N.W., Washington, D.C. 20004. IRRC publishes the most comprehensive and current information on U.S. corporations operating in South Africa.

Washington Office on Africa, 110 Maryland Ave., N.E., Washington, D.C. 20002; and the **American Committee on Africa,** 198 Broadway, N.Y., N.Y. 10038, publish newsletters, legislative updates and reports on apartheid and divestment campaigns.

New York Area Labor Committee Against Apartheid, c/o Headwear Workers' Joint Board, ACTWU, 49 W. 37th St., N.Y., N.Y. 10018, publishes a newsletter and sponsors conferences, forums and anti-apartheid actions.

United Nations Center Against Apartheid, United Nations, New York 10017, publishes pamphlets, bulletins and studies on apartheid, including detailed studies of bank loans to South Africa.

SACTU Solidarity Committee (Canada), Box 490 Station J, Toronto, Ontario M4J 4Z2, publishes a newsletter and *Trafficking In Apartheid*, the most comprehensive study of Canada's economic support for South Africa.

SOUTH AFRICA

The South African Economy

The South African economy is dominated by three forces: foreign-based transnational corporations, a small number of South African-based monopolies, and a large state-owned sector. Together, these forces pushed rapid industrialization in South Africa based on mineral wealth and apartheid labor. U.S. interests in South Africa are closely linked to the local monopolies and the industrial state-sector.

The largest local monopolies in South Africa are the mining financial houses like Anglo-American, South Africa's largest corporation. Business analysts estimate that 80% of the value of shares on the Johannesburg Stock Exchange are controlled by seven South African monopolies. The mineral wealth of companies like Anglo-American, combined with U.S. technology and capital and supported by extensive state investment, provided the basis for industrialization after World War II.

Industrialization

This rapid industrialization required state support for private sector manufacturing investments and for huge infrastructure projects managed by state-owned industries. The South African government's share of all fixed investment in the industrial sector is now estimated at 50%. The technology for state-owned industrial companies is procured by the government primarily from foreign firms, with U.S. firms leading the way.

The South African government is a major producer of steel, iron ore, chemicals and armaments. It also controls the railroads, the national airline, the telephone system and the broadcast and television company. State-owned enterprises also dominate the energy industry, where the government has been forced to push for energy self-sufficiency due to the United Nations oil embargo. The South African government purchased technology from Fluor Corporation of California for coal-to-oil conversion plants; Foxboro and Allis Chalmers provided technology for South African nuclear power production.

The industrial sector built by the local monopolies, foreign interests and the South African state replaced mining as the dominant sector of the economy by 1955 and now accounts for over 14% of total employment. South Africa produces significant amounts of processed foods, clothing and textiles, industrial chemicals, iron, steel, metal products and autos. Products ranging from canned fruits to high-quality men's suits and steel slabs are exported to the U.S. and Europe.

Contradictions

But South Africa's industrial base — built on apartheid — is riddled with a set of contradictions that threaten the system itself. The severe exploitation that occurs under apartheid simultaneously generates unmeasurable wealth and profound economic problems. Apartheid has distorted the South African economy and fueled the economic crisis that now grips the nation and the U.S. interests that share in its fate. The conditions for unbridled economic growth no longer exist.

Domestic Markets

South Africa's sophisticated manufacturing sector has been erected in the midst of mass poverty created by apartheid. The persistently low purchasing power of the great mass of the population forces South Africa to export many of the goods produced. While malnutrition runs rampant in the "homelands," and half the children there never reach adulthood, South Africa remains the world's third largest exporter of corn. Blacks account for 72% of the population, but less than half of all retail sales in every category, including food and clothing. Blacks represent 30% of the workforce at Ford, but account for only 2% of Ford's South African auto sales.

Mass poverty and unemployment feed the political instability that frightens foreign capital and threatens to topple the system.

South Africa: Population, Wages, Sales

	% of population	*% of total wages*	*% of all retail sales*
black	72%	29.4%	39.7%
colored/Asian	12	11.6	13.7
white	16	58.7	46.6

Source: South African Ministry of Information

South Africa: Occupations

	% of all professional and managerial workers	*% of all craftsmen*	*% of all production workers*	*% of all laborers*
black	3%	3%	61%	87%
colored/Asian	2	18	32	13
white	95	79	7	0

Source: South African Ministry of Information

The severe exploitation of apartheid has led to a persistent lack of domestic markets for goods, a critical shortage of skilled labor and a massive oversupply of unskilled labor, and acute political instability. These factors, in turn, make South Africa highly dependent on trade and foreign sources of capital and technology and, consequently, vulnerable to international pressures. The government's attempts to isolate poverty and unemployment in the "homelands," away from the white population centers, has failed to reduce the growing militancy of the black population as a whole. Almost one-third of South Africa's military training program is now devoted to "urban warfare" preparation.

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SOUTH AFRICA

South African Workers At U.S. Firms

U.S. companies in South Africa employ approximately 100,000 workers. Their unionized workers are represented by a number of different trade unions with different federation affiliations. The South African Congress of Trade Unions (SACTU), formed in 1955 as the first non-racial federation, was soon forced underground. There are now four trade union federations openly operating in South Africa. The **South African Confederation of Labor** (SACOL), with approximately 120,000 members, is made up of white-only unions. The **Trade Union Council of South Africa** (TUCSA), with 400,000 members, is made up of "multi-racial" unions, where black and colored workers are segregated into "parallel" unions which are largely controlled by their white-only counterparts.

The **Federation of South African Trade Unions** (FOSATU), with over 130,000 members, and the **Council of South African Trade Unions** (CUSA), with over 200,000 members, represent most of the new independent unions that are now making real gains for black workers. In addition, several independent unions with large memberships remain unaffiliated.

Labor "Reforms"

The 1979 government-appointed Wiehahn Commission Report recommended that the growing non-racial independent trade unions should be recognized and registered under the existing labor relations system so that they would come under its "discipline and control." By 1981, the government had implemented these Wiehahn recommendations, and for the first time in the history of South Africa, all black workers gained the right to join trade unions. A number of U.S. companies operating in South Africa openly backed the labor "reforms" as a way to regulate black worker militancy in the plants and reduce anti-apartheid pressures at home.

This attempt to bring the new independent unions under control, however, has backfired. Since 1979, the independent unions have more than tripled their membership and concluded almost 400 recognition agreements with employers. They have distanced themselves from the AFL-CIO's State-Department-funded African-American Labor Center and other forms of interference. The number of strikes has escalated despite the fact that virtually all the strikes were illegal and met with increased police repression and company reprisals.

Moreover, the independent unions now pose a serious challenge to the old industrial council system of bargaining, where indirect negotiations with employers' associations set industry-wide patterns that left black workers' wages at sub-existence levels. Under the labor "reforms," the independent unions gained direct representation on the industrial councils. In addition, recognition agreements — now widely negotiated by the independent unions — often include provisions which allow for direct wage negotiations at the plant level.

South African Workers at Three U.S. Companies, 1984

U.S. company and product line	*no. of workers* black	*no. of workers* white	*average monthly wage** black	*average monthly wage** white	*% of all workers in lowest half of all job grades* black	*% of all workers in lowest half of all job grades* white
United Technologies (Otis—elevators)	354	543	$398	$1911	98.3%	18.00%
CPC (food products)	660	235	393	944	92.7	11.40
Union Carbide (Vametco—mining)	375	108	358	1200	99.4	.03

*Average monthly wage in U.S. dollars using 1984 exchange rate.

Source: Calculations based on figures reported in IRRC, *South Africa Review Service*, 1984–1985.

U.S. Employers

In 1979, **Kellogg** became the first U.S. company in South Africa to sign a recognition agreement with one of the new independent unions. In the first Kellogg contract, the union won a 58% wage increase — from $40 a week to $63 a week — after long and bitter negotiations. The senior shop steward at Kellogg is now President of FOSATU. Skilled white workers joined the FOSATU union at Kellogg in 1983.

Borg-Warner followed Kellogg in 1980 and agreed to plant-level negotiations. Since that time, the National Automobile and Allied Workers Union (NAAWU-FOSATU) at Borg-Warner has negotiated wage increases that more than doubled the monthly minimum wage. In 1984 negotiations, the NAAWU raised the hourly minimum wage at Borg-Warner by 23¢ to $1.65 — 8¢ above the minimum set by the industrial council negotiations.

Colgate-Palmolive fought the union for 16 months, primarily over the issue of plant-level negotiations, and accepted only after a strike was threatened and a national boycott was in effect. By 1984, the Chemical Workers Industrial Union, a FOSATU affiliate, had more than doubled the monthly minimum at Colgate-Palmolive. In the last wage round, the company accepted a 24¢ per hour increase on the minimum of $1.71 after a one-day strike.

Union Busting

Other U.S. companies, including companies that signed the Sullivan Principles, responded to the emerging independent union movement with open union-busting tactics. The Ohio-based **Hoover Co.,** which manufactures electrical appliances in South Africa, actively tried to break the South African Allied Workers Union, and encouraged other companies to "take a firm stand and cause SAAWU to lose credibility with the workers." Chrysler, Coca-Cola, Columbus-McKinnon, Firestone, Standard Oil of Ohio and City Investing all dismissed workers for strike actions in the years following the Wiehahn Commission report.

Three years after Wiehahn, only nine U.S. companies — Kellogg, Borg-Warner, Ford, Schering-Plough, Chrysler, Colgate-Palmolive, Johnson & Johnson, Fruehauf, and Dresser — had signed formal recognition agreements with independent unions

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South African Workers

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representing black workers. At **City Investing,** where the Metal and Allied Workers Union (MAWU-FOSATU) has been engaged in a long organizing struggle, 140 workers were dismissed for strike action last year.

Coca-Cola did not sign a recognition agreement until March of 1984 after nine months of negotiations and strikes in 1981, 1983 and 1984. In 1984 negotiations, workers won a 17.5% wage increase. **Columbus-McKinnon** has fought a recognition agreement for two years and refuses to bargain at the plant level. Black workers at **Deere & Co.** are now represented by the Boilermakers, which broke from TUCSA, but wage negotiations occur only at the industrial council level.

United Technologies' Otis elevators subsidiary has a closed-shop agreement with a white-only union. Under the current agreement, the 483 colored and black workers are segregated into a parallel union which operates under the control of the white-only union. None of the black workers at United Technologies' Airco subsidiary are organized.

Firestone negotiates with the NAAWU, and took a strike over wages in 1983. In 1984, the hourly minimum at Firestone was \$1.77. 1984 wages at **Goodyear** were increased to an hourly minimum of \$1.61 from \$1.03 after NAAWU represented workers at the tire companies' industrial council negotiations for the first time.

At **Tidwell Industries,** an Alabama-based company that manufactures mobile homes in South Africa, MAWU steering committee members were fired when they approached management for union recognition last year. The 1984 minimum monthly wage at Tidwell was \$58, and the maximum wage for a black workers was \$163. At the end of last year, **Union Carbide's** Tubatse subsidiary fired the entire black workforce and cancelled its recognition agreement with the union after a series of disputes touched off by a supervisor's assault on a worker.

Unity Talks

Despite open union-busting by U.S. and South African employers, the new independent unions continue to organize workers by the thousands. Estimates of the total membership of the independent unions range from 400,000 to 600,000, or three to five times the membership of 1979–1980. Most importantly, the independent unions have built their strength in the key sectors of the South African economy — mining and manufacturing. Although the independent unions represent less than 10% of the total black workforce, they represent a significant portion of black workers in key industries such as auto, oil and transportation.

Moreover, there has been rapid progress in unity talks for a new labor federation that will include FOSATU, some CUSA affiliates, and some of the unaffiliated independent unions. The new federation will replace TUCSA as the largest federation in South Africa. A convening conference is now scheduled for October, and a draft constitution has been finalized.

The unions in the new federation will be reorganized on a "one industry, one union" basis to eliminate competition in organizing. The federation will be based on non-racialism, with no racial requirements for membership or for holding office, and with class unity as the guiding principle. With a unified federation, a growing membership and continued militancy in their fight for better wages, working conditions and equality, the independent unions will confront U.S. employers in South Africa with new force and power. □

10 Largest U.S. Employers in South Africa

Company	*no. of workers*
Ford	6,673
General Motors	4,949
Coca-Cola	4,765
Mobil	3,342
U.S. Gypsum	2,631
Goodyear	2,510
Firestone	2,461
Standard Oil (Ohio)	2,282
Caltex Petroleum	2,151
Allegheny International	2,025

Source: IRRC, *Foreign Investment in South Africa*, 12/84.

Comparing Wages

In the few years that have passed since black workers gained the right to join trade unions, the independent unions have won significant wage increases. The Federation of South African Trade Unions (FOSATU) has advanced the concept of a "living wage," which is now approximately 3.5 rands per hour, or \$1.75 per hour at current exchange rates. Due to the overvaluation of the dollar, however, the exchange is distorted in a downward direction. A more accurate translation would put the purchasing power of the rand at a higher amount, so that the "living wage" would be approximately \$2.50 per hour. The fight for the "living wage" in South Africa can be compared to the fight for a minimum wage in the U.S.

A more meaningful way to compare wages is to compare the average amount of worktime necessary to earn enough money to purchase basic commodities. In these terms, the following 1984 approximate comparisons can be made:

number of minutes a production worker must labor to purchase

	black worker in South Africa	*worker in U.S.*
one quart of milk	30.0 mins.	4.3 mins.
one loaf of bread	27.5 mins.	6.0 mins.

Wage gains in South Africa must also be measured against inflation, which now runs 17%. Over the last five years, prices have increased by 69% for fuel and power, 87% for milk, and 100% for public transportation — a vital commodity for black workers. Between 1979 and 1984, the South African consumer price index has increased by 88%, so wage increases which doubled wages over the period resulted in real wage increases of approximately 12% over the five years. The National Union of Mineworkers' recent call for a 22% wage increase, then would provide workers with a real wage gain of 5% given the current rate of inflation. □

SOUTH AFRICA

The Role For U.S. Unions

For this special issue on South Africa, we asked Mike Murphy of the International Research Project for the Federation of South African Trade Unions (FOSATU) to respond to the following question: What is the most effective way for U.S. trade unions to assist trade unionists in South Africa? His response to this important question is given in full below.

• There is a need to be informed about who is who in the South African trade unions. The old-style racist, craft-based unions and those old mixed unions based on employer-enforced closed shops are not worthy of support. The "new wave" unions [the independent unions — Ed.] which have grown up over the last decade have consciously opposed their undemocratic practices and politics. Articles in labor journals (such as *Economic Notes*, January issue) are essential to inform people as to who's who.

• The protests and divestment/disinvestment campaigns, which create a climate in the U.S. of public opposition to apartheid, are of great value. The progressive unions in South Africa strongly support these pressures.

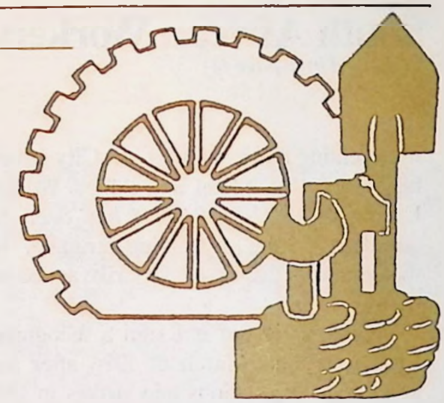
• The South African unions see their own struggle as fundamental in the all-important *internal* resistance to apartheid. The extent to which U.S. protests can inhibit South African state repression of trade union activists is evident from the events of December 1984, when the regime felt obliged to release the union leaders detained after the mass November stayaway in the Transvaal region. This "protection factor" is of considerable value.

• Practical assistance to the South African unions as they struggle to build their organizational strength is seen as invaluable. Most unions follow a policy of developing close union-to-union links at all levels with unions outside South Africa. The intention is to go far beyond top level hand-shaking and to develop a genuine solidarity internationally, on a union-to-union and worker-to-worker basis.

Such practical assistance has taken many forms. For example: In 1983, the U.S. United Food and Commercial Workers put pressure on American Home Products, where UFCW has considerable leverage, to settle a two-year recognition dispute between their South African subsidiary and the Metal and Allied Workers Union. In 1984, the Amalgamated Clothing and Textile Workers sent a health and safety expert to South Africa to help the National Union of Textile Workers in their Brown Lung campaign. On several occasions the U.S. United Auto Workers hosted South African motorworkers at UAW colleges, where the visitors had a chance to meet with rank and file U.S. trade unionists, to visit car factories and to compare working conditions.

The essential point in all these contacts was that they occurred in response to concrete needs explained by the South African unionists, and at their specific request.

• Financial assistance to the "new wave" South African unions is still vital at this stage of their growth, but foreign money is seen as a double-edged sword which can build or destroy. The South African unions have asked national trade union centers such as the AFL-CIO to channel whatever financial assistance they can offer via a coordinating committee of the International Confederation of Free Trade Unions in Brussels, on which South African unions have representation. The South African unions hope that through financial coordination in this way, the fears that some South African trade unionists have expressed about "trade union imperialism" need not be realized, and that a creative relationship with the international trade union movement can be achieved at the top, as well as at lower levels.



• The local initiative taken in New York by a wide cross-section of trade unionists in forming the New York Area Labor Committee Against Apartheid is seen by the South African unions as promising. The work of this Committee draws together many of the elements described above: informing local unionists, creating a climate of public concern, staging protests, and responding to specific requests from South African unions.

• Some of the "new wave" unions in South Africa already have considerable international experience and are aware of the weaknesses as well as the strengths of organized labor in countries like the U.S. In the common ground created by union-bashing companies, runaway companies, and state interference in union affairs, there lies the basis for a mutual understanding which is the necessary foundation for any international solidarity. The South African unions have great needs, but they also have much to offer U.S. unionists from their own experience of struggle against overwhelming odds. □

Control Data's Computers In South Africa

In 1976, the U.S.-based computer company Control Data Company (CDC) first marketed PLATO ("Personal Learning and Training Opportunity"), the most extensive computer program in the field of education to date. Beyond traditional classroom subjects, PLATO's software capabilities include military training, bookkeeping and personnel records, and behavior modification. The program was developed with funding from the Department of Defense and the National Science Foundation.

As early as 1975, CDC launched an advertising campaign for PLATO in South Africa. The South African government purchased PLATO in 1979. Today, CDC operates a training center in Johannesburg, and PLATO serves South African businesses, government agencies and the University of the Western Cape.

In 1980, the South African National Institute for Personnel Research (NIPR) bought access to PLATO. NIPR researches black labor, with special emphasis on the government's need to expand the skilled black labor force without weakening apartheid. Before purchasing PLATO, NIPR concluded that the government must possess the means to monitor and control black vocational trainees in order to establish a cooperative, skilled black workforce. CDC'S PLATO is a useful tool in this cause.

—*Ellen Poteet*

Source: *Science for the People*, Mar.-April/85.

The Sullivan Principles

We see the Sullivan Principles as retarding our progress because some U.S. companies use them to block unionism in the factories. They tell their workers: "We follow the code. Our canteens are integrated. There is no discrimination."

Nelson Mthombeni, President
South African National Union of Textile Workers (FOSATU)

The Sullivan Principles were established in 1977 by Reverend Leon Sullivan, a member of the Board of Directors of General Motors, as a code of conduct for U.S. companies operating in South Africa. Since then, the Principles have been amended four times. The most recent version, adopted in November of 1984, contains a general call for U.S. companies to pressure the South African government to end apartheid and requires that the companies "make progress" towards the following six principles:

- Non-segregation in work facilities;
- Equal employment practices;
- Equal pay for equal work;
- Training programs for black workers;
- Increasing the number of black workers in management positions; and
- Improving the quality of life for workers outside the workplace.

Each year, the companies which have agreed to the Principles complete reports and are rated according to their record of compliance, with the top rating of I defined as "making good progress" and the lowest substantive rating of III defined as "needs to become more active." To receive a satisfactory rating, a company must meet the first three principles.

Of the 284 U.S. companies operating in South Africa, only 128, with a total of 58,000 black workers, have signed the Principles. In 1984, over half of these 128 signatories did not report, or received a failing score.

U.S. companies have used the Sullivan Principles to defend their presence in South Africa and to assure shareholders that their South African facilities operate on the basis of racial equality. As a number of black South African trade union leaders have indicated, however, the Sullivan Principles are largely meaningless. The equal pay for equal work provision is irrelevant because there is no "equal work" in South Africa. At Sullivan signatories' plants in South Africa, less than one-half of one percent of the unskilled workers are white. Similarly, non-segregation in the work areas is also irrelevant when blacks and white do not occupy the same work areas.

Wages and Union Rights

The only provision for wages in the Sullivan Principles is a clause that states that the minimum wage must be "well above the appropriate local minimum economic living level." To receive a satisfactory rating, signatories must pay wages that are 30% higher than the official "household subsistence level" for a family of six. In 1984, this meant that signatories paying workers $200 a month met the requirement for a satisfactory rating. The Federation of South African Trade Unions calculates that a living wage is roughly double the official subsistence level amount.

The Sullivan Principles included a clause on trade unions only after the South African government passed the 1979 labor "reforms" which granted black workers the right to join trade unions. The Sullivan clause simply calls on employers to "support the elimination of discrimination against the rights of blacks to form or belong to government registered or unregistered unions . . ." There is no mention of any obligation to recognize unions, to bargain in good faith, or to acknowledge full trade union rights. U.S. companies have maintained top Sullivan ratings while refusing to recognize unions or to negotiate. A number of companies with top ratings have engaged in open union-busting practices and have dismissed workers who dared to strike.

Divestment

The Sullivan Principles are now widely used to determine effective divestment legislation in the U.S. Dresser Industries signed the Principles last year "to help defeat some of the idiotic legislation that is being proposed in Congress," according to Senior Vice president Edward Luter. Secretary of State George Shultz urges U.S. firms to sign because the Principles "put American firms in a strong moral position."

Ford, and 23 other Sullivan-approved companies, recently formed a covert committee to fight divestment, using their adherence to the Sullivan Principles to defend their continued presence in South Africa. William Broderick, chairman of the committee and Director of International Affairs at Ford, promotes the new Connecticut divestment law as a model that companies can live with. The Connecticut legislation mandates divestment only if companies fail to comply with certain standards, including the Sullivan Principles.

The Sullivan Principles are a smokescreen for continued U.S. support for apartheid. They are used to appease shareholders, undercut divestment legislation, and divert attention from the phenomenal rates of exploitation that are possible under apartheid. The Principles have allowed U.S. companies to channel anti-apartheid energy into meaningless debates about labor standards in the workplace, while they continue to benefit from and support the apartheid system.

IBM can boast of a top Sullivan rating while it supplies computers for the South African government's racial registries. Ford publicizes its top rating while it sells vehicles to the military and police, fires hundreds of workers, and keeps the remaining black workers in dead-end unskilled jobs. It is easy to understand, then, why the Motor Assemblers and Component Workers' Union, which represents part of the Ford workforce, calls the Sullivan Principles a "toothless package" that "allows this cruel system of apartheid to survive." □

Divestment Drives In The U.S.

Reagan's 1984 re-election was hailed by the South African establishment press as "wonderful news for South Africa." But the Administration's policy of "constructive engagement" with South Africa is now at odds with a growing broad-based movement in the U.S. and abroad for divestment and economic sanctions against the South African regime. *Divestment* — the sale of stock in companies doing business in South Africa — is a tactic used to push the companies towards *disinvestment* — the withdrawal of the company's capital from South Africa. The threat of divestment and disinvestment creates considerable pressure on South African government to end apartheid.

Reagan Policies

Before Reagan became President, U.S.-South African relations were restricted by a number of prohibitions mandated by U.S. government policies. U.S. arms sales to South Africa have been embargoed since 1963. In 1978, the policy was extended to prohibit the sale of any products to the South African police and military. U.S. policy also prohibited the sale of computers and computer technology to South African agencies which enforce pass laws and oversee the development of atomic energy. U.S. law also restricts Export-Import Bank financing for the sale of U.S. goods to other South African buyers.

The Reagan Administration removed some of the existing prohibitions and relaxed others. U.S. policy now permits the sale of "general purpose items" to the South African police and military. Permitted sales include chemicals and industrial equipment. Computer sales to the South African government have been approved on a case-by-case basis. A report from the American Friends Service Committee and Washington Office on Africa indicates that $28.6 million of U.S. goods on the State Department munitions list were exported to South Africa by the Reagan Adminstration in 1983, and an additional $88 million in similar goods were exported in the first three months of 1984.

Anti-Divestment Forces

In response to growing public pressure for and Congressional action on divestment, the Reagan Administration recently renewed its commitment to "constructive engagement." In April, Secretary of State George Shultz argued against sanctions, and Assistant Secretary for African Affairs Chester Crocker told Congress that the Reagan Administration has "no intention of waging economic warfare on South Africa." The recent sale of shock batons to South Africa, Crocker said, was the result of an "error" in the Department of Commerce.

The South African government and the U.S. companies involved in South Africa are working with the Administration to fight the divestment movement in the U.S. In 1983, the South African government spent $1.5 million to hire 31 agents in the U.S. to campaign against divestment. Mobil Oil, with $400 million invested in South Africa and 3,342 workers at six South African subsidiaries, recently imported Chief Gatsha Buthelezi, leader of one of the state-controlled "homelands," to meet with President Reagan and lobby against divestment legislation in Congress.

The South African government has also produced surveys of black workers and statements from black "homeland" officials which claim that blacks in South Africa oppose divestment. These propaganda pieces fail to mention the fact that South Africa still enforces the Internal Security Act, which classifies support for divestment as a crime of treason, punishable by up to 20 years in prison. Despite the risk entailed, the Federation of South African Trade Unions and a number of South African trade union leaders have indicated their support for divestment.

> **The reason for divestment is to attack the whole structure of apartheid, the thing that is called a crime against humanity. We want all U.S. companies to withdraw from South Africa, not to sell to someone else. We won't let other companies take the place of U.S. companies.**
>
> **Oliver Tambo, President**
> **African National Congress**
> **now in exile in Zambia**

> **FOSATU as a trade union organization concerned with the jobs and livelihood of its members has to give careful consideration to the question of disinvestment (by foreign companies).**
>
> **However, it is FOSATU's considered view that the pressure for disinvestment has had a positive effect and should therefore not be lessened. FOSATU is definitely opposed to foreign investment that accepts the conditions of oppression maintained by this regime.**
>
> **Federation of South African**
> **Trade Unions**

Divestment Legislation

The U.S. companies now facing divestment are blue-chip firms with a total stock value of $600 billion — half of the value of the entire Standard and Poor's 500. By the end of 1984, city and state divestment laws mandated the withdrawal of over $2 billion in public funds invested in companies doing business with South Africa. Divestment legislation is now in effect in five states — Connecticut, Maryland, Massachusetts, Michigan, and Nebraska.

Divestment bills have been introduced in 30 additional states, and ten bills are now open before Congress. The South African government and U.S. corporations are conducting a massive lobbying effort to block federal legislation.

Pension Funds

A number of unions are actively involved in the struggle to end all U.S. support for the South African regime. In August of 1984, the New York City Retirement System trustees, under heavy pressure from city unions, voted to divest over the next five years. With $8.3 billion in assets, the fund is the largest public pension fund in the U.S. and the largest fund to divest to date. It is estimated that $665 million of the

(continued on page 11)

Divestment

fund's assets are invested in companies that do business in South Africa.

In February of this year, the New York City Council, again under pressure from unions, passed legislation which prohibits the city from purchasing South African goods, depositing funds in banks which make loans to South Africa or sell Krugerrands, or contracting with companies that do business with the South African military, police, prison, or pass-law agencies.

Affiliates representing a vast majority of the AFL-CIO membership are actively involved in the struggle to end all U.S. support for the South African regime. In 1978, the National Union of Hospital and Health Care Employees became the first national union to ban pension fund investment in companies dealing with South Africa. Since then, a number of unions have moved to divest their pension funds. Detailed studies have demonstrated that divestment does not reduce pension fund earnings and, in many cases, leads to higher returns.

Union Protests

U.S. unions have also engaged in anti-apartheid protests and actions across the country. The United Furniture Workers successfully pressured the bank which holds union deposits to cancel its plans to sell Krugerrands. United Auto Workers locals in Detroit supported the recent divestment demonstration outside General Motors headquarters in Detroit. More than 2,900 protesters have been arrested at the South African embassy in Washington since last November, including hundreds of trade unionists.

Late last year, Local 10 of the International Longshoremen's and Warehousemen's Union refused to unload South African steel, glass, and wine from a Nedlloyd ship docked in San Francisco. Local 10 members returned to work only when faced with massive fines ordered by the U.S. District Court. This "refuse to handle" action, if extended throughout U.S. ports and airports, could cripple trade with South Africa.

Actions Abroad

In other countries, trade unions are engaged in anti-apartheid actions. Last year, Western European and Australian seamen and dockworkers renewed their commitment to enforce the oil and arms embargo against South Africa. Shop stewards at Volkswagen in South Africa maintain a telex link with Volkswagen workers in West Germany. Workers in Ireland went on strike to defend their right to engage in a "refuse to handle" action. Trade unions in Great Britain and Canada provide ongoing financial support for the South African Congress of Trade Unions' Strike Fund. Both the International Confederation of Free Trade Unions and the World Federation of Trade Unions have called for economic sanctions and denounced Reagan's "constructive engagement" policies.

Fighting divestment is like spitting in the wind.
Alan Mankoff
Managing Director
of South African Operations
Dun & Bradstreet

South Africa is now vulnerable to international pressures. Economic recession, extensive dependency on trade and foreign capital, and rising political instability weaken the system and provide an opportunity for anti-apartheid forces in other countries to exert maximum pressure. In the U.S., a small number of banks and large corporations account for the vast majority of all loans to and investments in South Africa. Virtually all of these banks and corporations are subject to pressure from shareholders, unions, and political organizations.

The divestment movement in the U.S., with support from the unions, has already made great gains. According to the South African *Rand Daily Mail*, a senior foreign affairs official recently met with South African businessmen to prepare them for the "shock of further American divestment." John Chettle, Director of the South African Foundation, which promotes South African interests in the U.S., recently told the Johannesburg *Financial Mail* that:

> *In one respect, at least, the divestment forces have already won. They have prevented — discouraged, dissuaded, whatever you call it — billions of dollars of new U.S. investments in South Africa.* □

Krugerrands

The Krugerrand, South Africa's gold coin, is a crucial component in the South African economy and apartheid's strength. Gold is one of South Africa's major resources and exports. For international trade, South Africa markets 16% of the gold produced in four sizes of coin, each precisely measured for gold content.

The U.S. is the largest buyer of Kruggerands in the world. Thirty to fifty percent of all sales since 1975 have been to the U.S. The U.S. imported $450.2 million in Krugerrands in 1983, and $484.7 million in the first ten months of 1984.

Gold sales produce 50% of the foreign exchange required by South Africa to import such vital goods as oil, computers and aircraft. In 1983, gold exports brought the country $9.15 billion, including $1.55 billion from Krugerrands.

The Krugerrand is marketed worldwide by Intergold, a division of the South African Chamber of Mines. Intergold maintains offices in New York and Los Angeles and distributes Krugerrands to banks and retailers across the U.S. Bernback and Rubenstein, Wolfson & Co. — both New York firms — have directed the success of the Krugerrand against the Canadian Maple Leaf and a Mexican gold coin.

But growing U.S. protests against apartheid and Krugerrand sales, in conjunction with Congress' proposed ban on importing Krugerrands, have challenged the popularity of the coin. Before 1985, the Krugerrand one-ounce outsold the Canadian Maple Leaf one-ounce by nine to one. As of June of this year, the ratio of coin imports from Canada to those from South Africa was 60:40. If the U.S. ban passes, the Krugerrand faces the risk of selling at 1-2% discounts.-*Ellen Poteet*

Sources: American Committee on Africa, 2/85; *New York Times*, 6/16/85.

Financing Apartheid

The South African government borrows heavily from international sources to finance trade deficits, to fund its huge infrastructure projects, and to maintain its growing military presence in southern Africa. Despite repeated United Nations calls for an end to loans to South Africa, Great Britain, Switzerland, West Germany, and the U.S. continue to lend significant sums to the South African government and to private banks and corporations.

The boycott on oil and arms for South Africa has increased prices and forced more borrowing to meet the needs of the all-important energy and defense sectors. At the same time, the decline in the price of gold, combined with economic recession and the fall in the value of the rand against the dollar, has increased South Africa's deficit spending and foreign borrowing. Consequently, the South African government's foreign debt — excluding the debt of state-owned companies — rose from $856 million in 1981 to $2.5 billion in 1984.

Dependence on Foreign Funds

Foreign funds flow into the most strategic sectors of the South African economy. In addition to general state borrowing, the state-owned companies seek foreign capital for massive projects. The foreign debt for state-owned companies totaled $6.08 billion in 1984; U.S. banks still have a number of loans outstanding to South Africa's state-owned industrial sector. The largest borrowers include the Electricity Supply Commission; the South African Transport Service, which builds and operates the country's railroads, harbors, and airports; the Iron and Steel Corporation, which supplies the armaments industry; and the Atomic Energy Comission.

Private corporations in South Africa borrow foreign funds for capital needs. South African banks also borrow to finance trade and to free up funds for lending within South Africa. By mid-1983, South African public and private sector debt to foreign banks totaled $14.8 billion, with $3.9 billion or 26% owed to U.S. financial institutions.

U.S. Loans

Over 80% of the U.S. loans are short-term interbank or trade financing loans. Major long-term loans for capital are obtained through credits and bonds organized by groups of lenders. U.S. bank participation in the long-term loans is detailed in the chart. U.S. loans to South Africa in 1984 totaled $4.54 billion, with $3.12 billion or 69% of the loans designated for South African banks.

U.S. Bank Loans to South Africa, 1984

	$ millions
South African government	$ 373.8
South African private corporations	1,051.4
South African banks	3,120.3
Total U.S. Loans	**$4,545.5**

Source: IRRC, *Foreign Investment in South Africa*, 12/84.

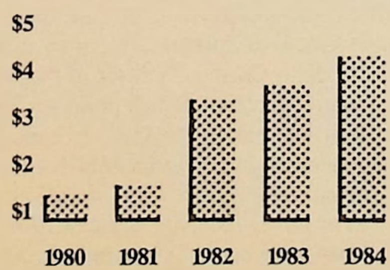
U.S. banks reduced their lending to South Africa in the wake of the Soweto uprising and the widespread political instability that followed in 1976 and 1977. International pressures for an end to foreign lending to South Africa also increased during this period. U.S. loans to the South African government and to the state-owned companies have remained at relatively low levels since that time. But U.S. loans to private corporations and banks in South Africa have increased dramatically since 1981, resulting in an increase in U.S. lending as a whole (see graph).

Largest Lenders

The largest nine banks in the U.S. in terms of total capital — BankAmerica, Bankers Trust, Chase Manhattan, Chemical, Citibank, Continental Illinois, First Chicago, Manufacturers Hanover, and J.P. Morgan — account for 64% of all loans to South Africa. The top 24 U.S. banks account for 86% of all loans. Citicorp, Chase Manhattan, and NCBC operate offices in South Africa.

U.S. Bank Loans to South Africa 1980–1984

(in $billions)



Source: IRRC, *Foreign Investment in South Africa*, 1984.
Economic Notes

According to the Investor Responsibility Research Center, in addition to the long-term U.S. lenders listed in the chart, U.S. banks with outstanding loans to South Africa include the Bank of New England, Bank of New York, Bankers Trust New York, First Bank System, First Chicago Corp., First Wisconsin Corp., Fleet Financial Group, Harris Bancorp, Lincoln First Banks, Marine Midland, Maryland National, Northern Trust, Northwest Corp., PNC Financial Corp., Republic New York Corp., Republicbank, Security Pacific, Texas Commerce Bancshares, and United Banks of Colorado.

In addition to loans from U.S. banks and other foreign lenders, South Africa received $1.07 billion in loans from the International Monetary Fund in 1982, over the objections of 68 member countries. The Reagan Administration lobbied hard for approval of the loan, and Congress subsequently passed legislation which prohibits the U.S. IMF representative from supporting such loans in the future. According to South Africa's Finance Minister, the IMF loan was used to repay high-interest loans from commercial banks.

Bank Policies

In an attempt to undercut pressures from anti-apartheid organizations in the U.S., a number of U.S. banks have developed detailed policies on loans to South Africa, including policies which prohibit loans to the South African government. The policies are based on the assumption that the South African state and the South African banks and private corporations are separate entities — a particularly false assumption in the case of South Africa. Similarly, U.S. banks which claim to make only short-term, trade-related loans to South Africa fail to mention the fact that trade feeds strategic sectors of the South African economy and provides critical materials for state repression.

(continued on page 19)

U.S. Financial Institutions Participating in Long-Term Capital Loans to South Africa, Jan., 1979–May, 1984

U.S. Financial Institution and Subsidiaries[1]	*No. of Loans*	*Total Value ($ millions)*[2]	*South African Borrower*[3]	*U.S. Role and Type of Loan*[4]	*Life of Loans*[5]
AETNA LIFE & CASUALTY CO. (Samuel Montagu & Co. Ltd.)	2	$82.5	Rep. of S.A.	Participant - Bonds	1982–90
ARNHOLD AND S. BLEICHROEDER	4	$240.6	Rep. of S.A.; MINORCO	Participant - Bonds	1980–97
BANKAMERICA CORP.	1	$50.0	Standard Bank of S.A. Ltd.	Manager - Bonds	1981–88
BANK OF BOSTON CORP.	2	$100.0	Volkskas;* Standard Bank of S.A. Ltd.	Manager - Bonds	1980–86
BEAR STEARNS & CO.	3	$180.6	Rep. of S.A.	Participant - Bonds	1982–90
CHASE MANHATTAN	5	$360.0	African Explosives & Chemical; Volkskas; S.A. Breweries; Standard Bank of S.A. Ltd.	Manager/Participant - Bonds and Credits	1980–97
CHEMICAL BANK OF N.Y.	1	$60.0	MINORCO	Manager - Bonds	1982–87
CITICORP	11	$855.8	Rep. of S.A.; Barclays Bank; Standard Bank of S.A. Ltd.; African Explosives & Chemical; Volkskas; MINORCO	Manager - Bonds and Credits	1979–97
CONTINENTAL ILLINOIS	1	$70.0	Standard Bank of S.A. Ltd.	Manager - Bonds	1984–NA
CORESTATES FINANCIAL	10	$459.7	Rep. of S.A.	Participant - Bonds	1980–91
CROCKER NATIONAL	2	$46.0	Rep. of S.A.	Manager - Credits	1979–87
DILLON READ	3	$194.9	Rep. of S.A.	Participant - Bonds	1980–91
DOW CHEMICAL CORP. (Dow Banking Corp.)	1	$50.0	Volkskas	Manager - Credits	1981–86
DREXEL BURNHAM LAMBERT	6	$279.1	Rep. of S.A.	Manager/Participant - Bonds	1980–97
FIRST BOSTON (Credit Suisse First Boston)	12	$608.4	Rep. of S.A.; MINORCO	Manager/Participant - Bonds	1980–99
GOLDMAN SACHS & CO.	10	$514.0	Rep. of S.A.	Participant - Bonds	1980–91
IRVING BANK CORP. (International Commercial Bank)	1	$50.0	Standard Bank of S.A. Ltd.	Participant - Bonds	1980–85
J.P. MORGAN & CO.	2	$240.0	S.A. Breweries; Barclays Bank	Manager - Credits	1982–89
KIDDER PEABODY & CO.	10	$474.0	Rep. of S.A.	Participant - Bonds	1980–91
MANUFACTURERS HANOVER	4	$310.0	African Explosives & Chemical; Volkskas; MINORCO; S.A. Breweries	Manager/Participant - Bonds and Credits	1981–97
MERRILL LYNCH & CO.	2	$127.9	Rep. of S.A.; MINORCO	Manager/Participant - Bonds	1980–97
MORGAN STANLEY & CO.	11	$548.4	Rep. of S.A.	Participant - Bonds	1980–99
NCNB CORP.	1	$100.0	S.A. Breweries	Manager - Credit	1982–89
PAINE WEBBER INC.	6	$279.1	Rep. of S.A.	Participant - Bonds	1982–90
PHIBRO-SALOMON INC. Salomon Brothers)	3	$182.2	Rep. of S.A.; MINORCO	Manager/Participant - Bonds	1980–97
PRUDENTIAL INSURANCE CO.	7	$402.8	Rep. of S.A.; MINORCO	Participant - Bonds	1980–97
SEARS ROEBUCK & CO. (Dean Witter Reynolds)	4	$185.3	Rep. of S.A.	Participant - Bonds	1980–90
SMITH BARNEY, HARRIS UPHAM & CO.	8	$391.8	Rep. of S.A.	Participant - Bonds	1982–91

Notes: 1. U.S. parent company and subsidiaries participating in the loans. 2. Total value of all loans in which the U.S. financial institution participated. 3. All loans made to the government of the Republic of South Africa or to state-owned companies are indicated by "Rep. of S.A." 4. *Managers* organize a group of banks to make the loan; they also commit themselves to carry a certain portion of the loan. *Participants* contribute to the total loan but do not take responsibility for organizing the other lenders. Banks arrange for *bonds* to be sold to investors to raise funds for a loan. *Credits* are direct loans from the bank to the borrower. *Volkskas is a government-created commercial bank which serves government agencies. Source: B. Klein, *United States and Canadian Involvement in Loans to South Africa from 1979 to May 1984*, United Nations Center Against Apartheid, 8/84.

Anglo-American Corporation

By John Howley

The "American" in Anglo-American Corporation, South Africa's largest corporation, is no mistake. J.P. Morgan and other U.S. interests supplied half the capital when Anglo was founded in 1917. Anglo-American is now part of a complex web of financial, industrial and mining interests dominated by the Oppenheimer family, with assets estimated at $16 billion, $800 million in 1984 earnings, and 250,000 workers worldwide. Anglo-American is also the single largest foreign investor in the U.S.

Anglo has been South Africa's leading mining company since it was founded. In the post-World War II period, Anglo used the massive cash flow generated by new gold fields to diversify its investments in South Africa and overseas. Currently, the Anglo group consists of several central holding companies, including the Anglo-American Corporation and DeBeers, which are tied together by interlocking directorships and mutual shareholdings. The group accounts for half of the value of all South Africa's exports and dominates national economies in southern Africa.

Black Miners

Although Anglo's holdings in manufacturing and finance are substantial, it has concentrated its interests in mining, with over 250 mining ventures in 22 countries. Anglo mined 240 tons of South African gold in 1984, with over 100,000 workers drawn from South Africa's gold mining workforce of 500,000 black miners. It is the largest single employer of black migrant labor in South Africa.

As such, Anglo increasingly comes into confrontation with the National Union of Mineworkers, which now represents over 130,000 black mine workers. Black miners earn less than $250 a month, or one-sixth of the wages paid to the country's 12,000 white miners. By law, no more than 3% of the black miners are allowed to live with their families near the mines; 97% must live in company barracks away from their families.

During a strike at the end of 1984, Anglo called in the police with dogs and batons to drive workers back into the mines.

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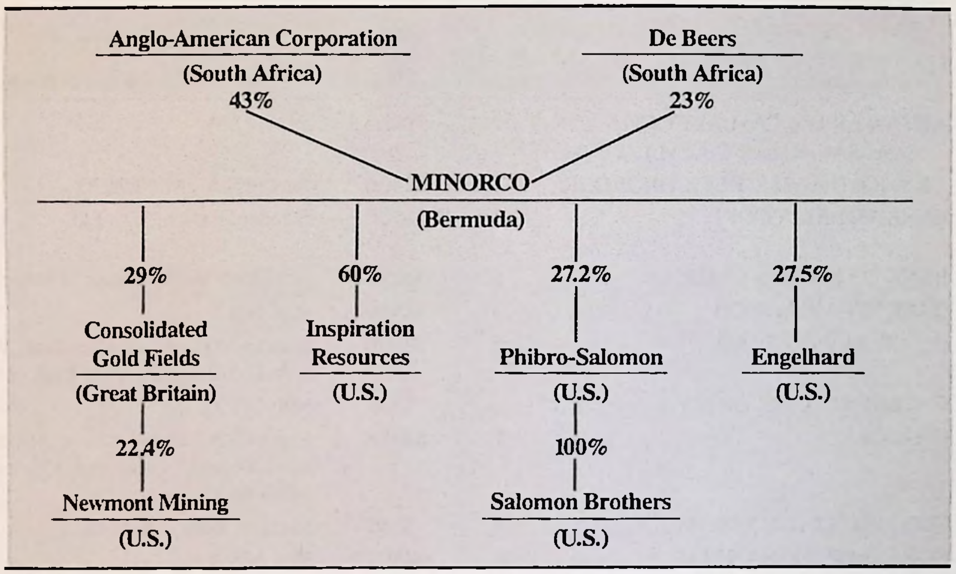

In April of this year, Anglo dismissed 14,000 miners from its Vaal Reefs mine — the largest gold mine in the world — after six weeks of slowdowns and work stoppages.

U.S. Holdings

In 1970, the Anglo group moved one of its major holding companies — the Minerals and Resources Corporation (MINORCO) — to Bermuda to funnel investments into the U.S. and Canada. Other Anglo holdings were transferred to MINORCO, including its 29% stake in the U.S.-based Engelhard Minerals and Chemicals, purchased from Charles Engelhard, the American metals tycoon who served as the model for Ian Fleming's Goldfinger. In 1981, Engelhard's commodity trading subsidiary — Phillip Brothers — was spun off and merged with the Salomon Brothers investment banking firm to form Phibro-Salomon Corporation.

Anglo is the largest single foreign investor in the U.S., with holdings that range from zinc and copper mines in the Yukon to natural gas deposits in Texas. The Anglo group's U.S. holdings now total over 100 companies, primarily in mining, construction, chemicals, manufactured steel products, and the energy industry.

MINORCO remains Anglo's key vehicle for expansion in the U.S. MINORCO holds 27% of Phibro, the world's largest trader of crude oil. Phibro, in turn, holds 100% of the New York-based Salomon Brothers, the largest investment banking firm in the U.S. In the first half of 1985, Salomon Brothers managed $14.7 billion of new corporate and public securities issues in the U.S. Salomon is the leading underwriter in the country, with nearly 20% of the total underwriting market. It specializes in the sale of large amounts of stock to a small number of institutional investors, and underwrites bonds for a number of municipal governments. In July, David Stockman, Reagan's Budget Director, announced that he would leave the Adminstration for a position at Salomon Brothers in the fall. Despite the obvious link to South African apartheid, Salomon Brothers assures U.S. institutional investors that it does not "engage in underwriting for the South African government or any of its agencies."

Another important U.S. Anglo holding is its 26% interest in Newmont Mining, held by Anglo's London-based Consolidated Gold Fields. Newmont, in turn, owns 27.5% of Peabody Coal, the largest U.S. coal producer.

Anglo-Citicorp

MINORCO's board is chaired by Harry Oppenheimer, who leads the Anglo group, and includes other Anglo representatives. It also includes Walter Wriston, the recently retired Chairman of the Board of Citicorp, and Felix Rohatyn, senior partner at Lazard

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SOUTH AFRICA

South African Auto

The South African auto industry consists of 11 auto makers, including Ford, General Motors, Volkswagen, British Leyland, Daimler-Benz, Alfa Romeo, Toyota, and Datsun-Nissan. The industry employs approximately 120,000 workers, 70% of whom are black. Unskilled workers, virtually all of whom are black, receive an average minimum wage of $2.00 per hour.

Almost 10% of the total auto workforce is employed by Ford and General Motors. In 1924, Ford built the first auto plant in South Africa; two years later, General Motors followed. Both companies were instrumental in building the South African industrial sector. Until it sold out in 1983, Chrysler owned a 25% stake in Sigma Motors; Anglo-American owned the remaining 75%. Ford and GM now account for a significant portion of all auto, truck, and tractor sales in South Africa, and both supply vehicles to the police and military. Under South Africa's domestic content law, 66% of the content of passenger cars, by weight, must be produced within the country.

Ford

In 1984, Ford sold 55,776 cars and trucks in South Africa — 14.3% of the market for cars and 11% of the market for trucks. On January 30th of this year, Ford announced that its South African operations would be merged with Amcar, a subsidiary of Anglo-American. It will be a profitable partnership in many ways. Ford will retain a 40% share and access to the South African market, but will shed the burden of a majority-owned South African affiliate that generates bad press in the West and financial problems in the recession-ridden South African economy. Anglo-American will become the largest auto maker in South Africa and solidify yet another link with important transnational corporate interests.

The merger also provided the opportunity for Ford to announce that it will close its heavily unionized Port Elizabeth plant, at the cost of 2,000 jobs — almost one-third of the entire Ford workforce. The National Automobile and Allied Workers Union (NAAWU) cited Ford's notorious record for plant closings worldwide, and immediately demanded a program for retraining, transfers, and severance pay for the affected workers.

After years of struggle, Ford recognized the NAAWU in 1977. Bitter strikes occurred at Ford plants in 1979 and 1982, and NAAWU has long accused Ford of refusing to negotiate in good faith. In the 1982 strike, Ford closed its plants when NAAWU workers demanded a $2.16 per hour minimum wage against Ford's $1.90 per hour offer. Last year, 1,500 Ford workers went on strike to protest the layoff of 490 workers in January. An additional 800 workers were sacked late in the year.

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GM South African Contingency Plan in Event of Serious Civil Unrest

Excerpts from GM's 1977 plan for dealing with civil unrest in South Africa are reprinted below.

South African industry in general is poorly prepared to handle industrial disruption and civil unrest.

The task of containing any such action is vested in the South African Police with the tacitly acknowledged availability of military support should a situation warrant it.

Industries or services designated as National Key Points by the National Key Point Committee will be accorded protection in emergencies through the medium of the Citizen Force Commando system.

Thus the "GM Commando" would assume guarding responsibility for the GM plants and would fall under the control of the local military authority for the duration of the emergency.

General Motors' facilities at Kempston Road and Aloes have been designated National Key Points in the overall South African contingency plan.

In the event of a direct threat to GM South African plants, the action by the Co-ordinator or his Deputy and all Plant Protection personnel on duty at the time will be as follows:

1. Close all gates and foyer entrances and regulate traffic
2. Place Danert wire to secure the low front wall in front of the main administration block
3. Arm Security Staff
4. Man armed observation posts at strategic points throughout the threatened plant
5. Maintain a detachment of Security Staff at the Control Centre with transport and dogs to act as directed in order to protect lives and property
6. Contact Labour Relations with regard to employee reaction within the plants and otherwise liaise at all times
7. Alert by whatever means available all Plant Protection staff not on duty, S.A. Police, Civil Defence, Fire Services and Management as per priority listing

Should the emergency situation escalate nationally, it is fair to assume that the Government would declare the country to be virtually in a state of war. This in effect would place the industry at the disposal of national authorities and it is almost certain that National Key Point industries would be taken over by an arm of the Ministry of Defence which would regulate output and co-ordinate the entire industrial effort.

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 . . . It is fair to assume that African townships would be virtually sealed off, but Coloured townships would not be as tightly isolated . . . The effect of lack of income and to some extent the historic lack of purpose among non-White peoples on what may be regarded as strictly political issues could almost certainly result in a wish to return to work within a fairly short period. There would be other very strict social sanctions applied in the form of restricted movement, etc., which would accelerate the wish to return to the normal base.

Under normal conditions, the motor manufacturing and assembly industry is one of the largest in the country with considerable economic weight . . . It is almost certain that should economic conditions decline sufficiently far, there could be a directive issued on model build by various companies.

Allowing for the effects of a directive with regard to vehicle build and/or component or other manufacturing activity, there would be a point at which operation of the GMSA facility would obviously become uneconomic. The options open would be to attempt to obtain more business, or alternatively, to close the Plant operation down completely, liquidate all available productive and non-productive materials and "moth ball" machinery and equipment until such time as the economic climate improved to the point where such operations would again be viable. □

Source: *Southern Africa*, 1978.

U.S. Corporations Operating In South Africa

This directory is a complete current listing of all U.S. firms with direct investments in South Africa. It is based on the Investor Responsibility Research Center's Foreign Investment In South Africa.

Many companies are not willing to report the actual value of their assets in South Africa. In those cases where the company provided information on assets, the amount is shown.

Parent Company	Primary Product	No. of Workers	Assets in South Africa (in $millions)
AM Int'l.	business equipment	370	—
AMR Inc. (American Airlines)	travel information	4	—
Abbott Labs	pharmaceuticals	141	6.5*
Accuracy Corp.	measurement control systems	21	—
Air Express Int'l.	air freight	45	—
Air Products and Chemicals	industrial gases	313	34.0
Albany Int'l.	textiles	—	—
Alexander & Alexander	insurance brokers	291	18.0
Allegheny Int'l.	hardware, matches	2,025	—
Louis A. Allen Assoc.	management consultants	6	—
Allis-Chalmers	air pollution control devices	90	11.0*
Amdahl Corp.	switchboards, computers	56	—
American Cyanamid	chemicals, wood products	1,025	9.0
American Express	travelers cheques	4	—
American Home Products	pharmaceuticals	503	24.0
American Hospital Supply	medical products	16	1.3
American Int'l. Group	insurance	160	20.0
Applied Power	auto and industrial equipment	32	—
Armco	industrial equipment	6	5.0
Ashland Oil	lubricating oils	91	1.0
Assoc. Metals and Minerals	metals trading	20	—
Automatic Switch Co.	—	—	—
Avery Int'l.	labels	—	—
BBDO Int'l.	advertising	340	—
Baker Int'l.	mining equipment	706	—
Bandag Inc.	rubber	—	—
Ted Bates Worldwide	advertising	400	—
Bausch & Lomb	optical products	—	—
Baxter Travenol Labs	medical products	886	5.2
Beatrice Companies	underwear	225	—
Bechtel Group	engineering consultants	35	—
Bell & Howell	microfilm	122	—
Black & Decker	power tools	63	—
Blue Bell Inc.	clothing	600	—
Boeing Co.	support office	3	—
Borden Inc.	food products	338	14.0*
Borg-Warner	auto parts	958	29.0
Born Inc.	industrial heaters	—	—
Bristol-Myers	pharmaceuticals	346	—
Buckman Labs	chemicals	28	—
Bucyrus-Erie Co.	mining machinery	20	—
Bundy Corp.	tubing	200	—
Burroughs Corp.	computers	563	150.0*
Butterick Co.	patterns	44	—
CBI Industries	metal plate	500	—
CBS Inc.	records, tapes	40	0.5
Cigna Corp.	insurance	113	29.0
CPC Int'l.	food products	934	50.0*
Caltex Petroleum	petroleum	2,151	—
Card Key Systems	security systems	11	—
Carman Industries	vibrating feeders	40	—
Carnation Co.	food products	1,043	—
Cascade Corp.	lift truck parts	8	—
Caterpillar Tractor	tractor parts	76	22.0
Celanese Corp.	chemical products	50	5.5
Champion Spark Plug	spark plugs	92	—
Chase Manhattan	bank services	17	—
Chesebrough-Pond's	cosmetics	529	14.0
Chicago Pneumatic Tool	industrial equipment	138	5.2
Citicorp	bank services	311	0.2
City Investing	steel drums	500	—
Coca-Cola	soft drinks	4,765	60.0
Colgate-Palmolive	rice, soaps	1,234	—
Columbus McKinnon	chain	438	—
Computer Sciences	computers	550	—
Continental Corp.	insurance	—	—
Continental Grain Co.	grain exporters	5	—
Control Data Corp.	computers	313	44.0
Cooper Industries	mining equipment	153	12.0
Cooper Labs	—	—	—
Coulter Electronics	medical equipment	30	—
Crown Cork and Seal	bottling machinery	525	—
Cummins Engine	engine service	3	—
D'Arcy MacManus	advertising	101	1.8
Dames & Moore	engineering consultants	15	—
Dart & Kraft	cells, batteries	200	16.0
Deere & Co.	farm equipment	490	58.0*

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U.S. Corporations

(continued from page 16)

Parent Company	Primary Product	No. of Workers	Assets in South Africa (in $millions)
Deltak Corp.	—	—	—
Diamond Shamrock	chemicals	—	.13
Do-All Co.	machine tools	—	—
Donaldson Co.	air cleaners	147	—
Dow Chemical	chemicals	200	32.0
Dow Corning	chemicals	8	—
Dr. Pepper	soft drinks	—	—
Dresser Industries	mining, equipment	767	45.0
Du Pont	chemicals	33	—
Dukane	communications	—	—
Dun & Bradstreet	credit information	550	—
Eastman Kodak	photographic equipment	567	—
Eaton Corp.	truck parts	388	10.0
Echlin Co.	auto parts	320	—
Ecolaire	power stations	6	—
Emery Air Freight	air freight	—	
Emhart Corp.	—	—	—
Engelhard Corp.	ores, metals	8	1.5
Erico Inc.	industrial equipment	—	—
Eriez Magnetics	industrial equipment	—	—
Euclid Inc.	trucks	4	—
Exxon	petroleum	484	10.0
FMC Corp.	food equipment	81	28.0*
Federal-Mogul	vehicle parts	112	—
Ferro Corp.	plastics	209	—
Firestone	tires	2,461	—
Flow General	biochemical products	7	0.33
John Fluke	electronic instruments	25	1.7
Fluor Corp.	engineering	182	9.0
Foote Cone	—	—	—
Ford Motor	autos, trucks, tractors	6,673	230.0
Foster Wheeler	chemical engineering	281	—
Franklin Electric	electric motors	44	2.3
Fruehauf	trailers, containers	1,400	7.1*
GAF Corp.	chemicals	5	—
GATX Corp.	financing	22	—
GTE Corp.	tungsten carbide	70	—
Gates Rubber Co.	rubber	74	—
Gelco Corp.	—	—	—
General Electric	electrical equipment	852	120.0*
General Motors	cars, trucks, locomotives	4,949	140.0
General Signal	electronic instruments	42	—
A.J. Gerrard	strapping machines	—	—
Getz Corp.	consumer products	350	—
Gillette Co.	razors, toiletries	296	—
Goodyear	tires	2,510	—
W.R. Grace	chemicals	143	—

Parent Company	Primary Product	No. of Workers	Assets in South Africa (in $millions)
Grey Advertising	advertising	190	—
Grolier Inc.	books	70	2.8
Harnischfeger Corp.	mining equipment	170	—
Harper Group	freight forwarding	60	—
Hay Assoc.	consultants	39	—
Hayes/Hill Inc.	consultants	5	—
Healthdyne Inc.	medical equipment	20	0.15
Heinemann Electric Co.	circuit breakers	1,100	—
Walter E. Heller	leasing	24	—
Henkel Corp.	mining chemicals	56	—
Hewlett-Packard	computers	246	—
Honeywell Inc.	control instruments	192	25.0*
Hoover Co.	electrical appliances	320	—
Houdaille Industries	engineering	100	—
Hughes Tool Co.	drill bits	10	—
Hydro-Air Engineering	roof truss machinery	16	—
IMS Int'l.	market research	87	—
Illinois Tool Works	sales office	5	—
Ingersoll-Rand	industrial machinery	477	31.0
IBM	computers	1,793	—
Int'l. Flavors	flavors	36	—
Int'l. Harvester Co.	trucks, tractors	556	—
Int'l. Minerals & Chemical	chrome ore	234	9.8
Int'l. Staple	stapling machines	—	—
ITT	telecommunications	1,138	10.0
Interpublic Group	advertising	260	16.0
JWT Group	advertising	111	—
Johnson & Johnson	health care products	1,198	42.0
S.C. Johnson	consumer products	168	—
Johnson Controls	security systems	121	0.93
Joy Manufacturing	mining equipment	907	25.0–30.0
Kellogg Co.	cereal	333	—
Kendavis Industries	heavy trucks	9	—
Kimberly-Clark	paper products	1,804	11.0
L & M Radiator	radiators	2	—
Estee Lauder	cosmetics	100	—
Leco Corp.	analytical instruments	25	—
Libby-Owens-Ford	industrial equipment	—	—
Eli Lilly	pharmaceuticals	240	—
Loctite Corp.	adhesives	38	2.1*
Longyear Co.	industrial drills	32	—
Lubrizol Corp.	lubricants	42	14.0
Lykes Bros. Steamship	shipping	17	—
MacMillan Inc.	publishing	11	—
Maremont Corp.	auto parts	584	—
Marriott Corp.	catering	460	0.6*
Marsh & McLennan	insurance	1,050	—

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U.S. Corporations

(continued from page 17)

Parent Company	Primary Product	No. of Workers	Assets in South Africa (in $millions)
Martin Marietta	construction materials	90	—
McLean Industries	shipping	21	—
McGraw-Hill	textbooks	42	3.2
Measurex	computers	—	—
Medtronic Inc.	—	—	—
Merck & Co.	pharmaceuticals	305	23.0
Metallurg Inc.	alloys	17	—
Midland-Ross	industrial equipment	53	—
Millipore Corp.	filters	—	—
Mine Safety Appliances	mining equipment	496	—
Minn. Mining & Mfg.	adhesives, tapes	1,590	26.0
Mobil Corp.	petroleum	3,342	400.00
Mohawk Data Sciences	computers	92	—
Monsanto Co.	chemicals	125	2.0
Motorola Inc.	radios	250	—
NCNB Corp.	banking	2	—
NCR Corp.	computers	584	40.0*
Nabisco	food products	983	—
Nalco Chemical	chemicals	199	—
Nat. Education	correspondence courses	495	—
Nat.-Standard	wire	149	—
Nat. Starch & Chemical	industrial adhesive	70	—
Nat. Utility	fuel cost analysts	40	—
Newmont Mining	mining	—	—
A.C. Nielsen	market research	343	4.7
Norton Co.	industrial equipment equipment	1,342	26.0
Oak Industries	electrical products	299	3.9
Ogilvy & Mather	advertising	—	—
Olin Corp.	chemicals	90	—
Opico.Inc.	agricultural equipment	3	—
Pan American	airlines sales	7	—
Parker Hannifin	fluid power systems	59	2.4*
Parker Pen	pens, pencils	102	3.0
Pennwalt Corp.	industrial equipment	16	—
Pepsico Inc.	soft drinks	556	15.0
Perkin-Elmer Corp.	scientific instruments	14	0.1
Pfizer Inc.	pharmaceuticals	267	13.0
Phelps Dodge	metal mining	1,495	37.0
Phibro-Salomon	metals marketing	51	420.0
Phillips Petroleum	carbon black	178	14.0
Precision Valve	aerosol valves	280	—
Preformed Line Products	power lines	102	—
Quaker Chemical	chemicals	5	—
Raytheon Co.	petroleum engineering	—	—

Parent Company	Primary Product	No. of Workers	Assets in South Africa (in $millions)
Reader's Digest	publishing	380	—
Redland Braas	construction equipment	40	—
Revlon Inc.	cosmetics	437	26.0*
Rexnord Inc.	mining machinery	490	21.0*
R.J. Reynolds	food products	1,804	—
Richardson-Vicks	health care products	278	—
Robbins Co.	mining machinery	100	—
H.H. Robertson	building materials	—	—
A.H. Robins Co.	pharmaceuticals	1	0.44
Rohm and Haas	chemicals	100	10.0
SPS Technologies	industrial equipment	17	—
Salsbury Labs	pharmaceuticals	55	—
Schenectady Chemicals	—	35	—
Schering-Plough	pharmaceuticals, cosmetics	285	—
Scovill Inc.	tire valves	130	3.1*
G.D. Searle	pharmaceuticals	70	—
Sentry Corp.	insurance	509	17.0
Sigmaform	—	—	—
Simplicity Pattern	patterns	28	1.1
Singer Co.	sewing machines	100	—
Skok Systems	software	—	—
Smith Int'l.	mining equipment	34	3.5
Smithkline Beckman	pharmaceuticals	267	12.0
Sperry Corp.	computers	219	33.0
Square D Co.	industrial equipment	—	—
Squibb Corp.	pharmaceuticals	189	—
W.R. Stamler	mining machinery	8	—
Standard Oil (Ohio)	abrasives, mining	2,282	10.0
Stanley Works	tools	35	1.3
Stauffer Chemical	pesticides	38	2.3
Steiner Corp.	—	—	—
Sterling Drug	pharmaceuticals	401	—
Stone & Webster	engineering	—	—
Sullair Corp.	—	—	—
Sun Chemical	—	—	—
Sybron Corp.	chemicals	30	4.7*
Tambrands	tampons	52	—
Tenneco	construction equipment	260	—
Tidwell Industries	mobile homes	150–200	—
Timken Co.	bearings, bits	251	—
Titanium Industries	titanium	4	—
Tokheim Corp.	gas pumps	54	—
Trane Co.	air conditioning	62	—
Trans World Corp.	airline sales	4	—
Twentieth Century-Fox	film distributors	3	—

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Auto

(continued from page 15)

General Motors

General Motors does not intend to minimize its presence in South Africa. It recently introduced an Opel Kadett model which required a large new investment in retooling. GM South Africa operates two plants with 4,949 workers, including 1,024 black and 2,189 colored employees. The plants produce passenger and commercial cars and vehicles, parts, and locomotives. In addition, GM operates over 200 car and truck dealer franchises in South Africa and Namibia.

In 1984, GM's African sales totaled 69,000 cars and trucks — up 8% from 1983 despite the dismal downturn in the second half of the year induced by the South African government's restrictive fiscal policies. GM's South African operations as a percent of its operations outside the Americas and Europe represent 15% of sales, 15% of assets, and 20% of its workforce.

GM operated in South Africa for almost 50 years before black or colored workers were hired for salaried positions; less than 5% of all GM salaried employees are now drawn from the black or colored population. Despite this fact, Leon Sullivan, author of the Sullivan Principles, remains on the GM Board of Directors, along with the directors of several U.S. corporations with significant South African holdings. □

Anglo-American

(continued from page 14)

Freres and chief architect of the New York City social service cutbacks of the 1970's. Rueben Richards, a Citicorp Executive Vice President, also sits on the boards of several other Anglo affiliates, including Engelhard, Phibro-Salomon, and Inspiration Resources, which is 60% owned by MINORCO and holds extensive interests in the U.S. oil, coal, and minerals industries.

Through these key connections, Citicorp has become Anglo's main U.S. partner. Citibank is the largest U.S. lender to South Africa and manager of the $100 million loan to African Explosives and Chemical, an Anglo company held through Consolidated Gold Fields. □

Sources: Duncan Innes, *Anglo-American and the Rise of Modern South Africa*, 1984; Ruth Kaplan, "Anglo-American Corporation, Investments in North America," 1982; *M*, 5/85; various issues of the *Wall Street Journal* and *Financial Times*.

Total denial of supplies to the police and military forces of a host country is hardly consistent with the image of responsible citizenship in that country. The great bulk of the work of both police and military forces in every country, including South Africa, is for the benefit of all its inhabitants.

Mobil Oil Corporation
Proxy Statement

Financing Apartheid

(continued from page 12)

Chase Manhattan's policy, for example, prohibits loans to the South African government and state-owned companies, but did not block a sizeable loan to the privately held African Explosives & Chemical Industry, the largest explosives factory in the world. Citibank's policy prohibits loans "to the military and security elements of the government" but allowed participation in the African Explosives loan. African Explosives is a subsidiary of the Anglo Corporation, which is closely linked to Citibank. Continental Illinois' policy "subjects any proposal for credits to rigorous consideration to ascertain that the proposed credit would not support apartheid" but provided 1984 credits to the Standard Bank Import & Export Finance Co., the financial backbone of South African trade.

Bank loans to South Africa are intimately linked to trade. A successful "refuse to handle" movement in the U.S. would block trade with South Africa and effectively end the loans used to finance imports and exports.

In the case of the long-term U.S. bank loans used to finance South African public and private sector projects, virtually all of the loans are organized through a small number of large U.S. lenders. These same lenders hold large deposits and manage large sums for U.S. public sector institutions, including many city governments, and for U.S. trade unions. They provide clear targets for concerted anti-apartheid actions in the U.S. □

U.S. Corporations

(continued from page 18)

Parent Company	*Primary Product*	*No. of Workers*	*Assets in South Africa (in $millions)*
Twin Disk Inc.	power transmission equipment	8	—
UAL Inc.	hotels	940	—
Union Carbide	mining	1,726	—
Uniroyal Inc.	rubber chemicals	—	15.0*
U.S. Gypsum	hardboard	2,631	16.0
U.S. Steel	mining	—	—
United Technologies	elevators, air conditioning	1,253	21.0
Upjohn Co.	pharmaceuticals	208	—
VF Corp.	clothing	960	—
Van Dusen Air	aircraft parts	5	—
Wang Labs	computers	—	—
Warner Communications	films, records	166	18.0*
Warner Electric	brakes, clutches	4	0.1
Warner-Lambert	pharmaceuticals	515	—
Wean United	rolling mills	1	—
West Point-Pepperell	clothing	92	1.2
Westinghouse	support office	11	—
Wilbur-Ellis	food products	70	1.5
John Wiley & Sons	personnel systems	14	—
Wynn's Int'l.	petroleum	—	—
Xerox Corp.	copying equipment	770	42.0

*Investment not greater than amount shown.

South African Economy

(continued from page 5)

Skilled Labor Shortage

In addition to the persistent lack of domestic markets and the political instability fed by mass poverty and unemployment, apartheid has created a critical shortage of skilled labor — perhaps the most complex and explosive economic problem in South Africa today. The white birth rate and white immigration failed to keep pace with the demand for skilled workers during the post-war period of rapid industrialization and economic growth. By the 1970's, the shortage of skilled labor reached critical proportions.

Due to the "color bar" for hiring skilled workers, there is an estimated shortage of 70,000 skilled and professional workers in the mining industry alone. In the private sector as a whole, the shortage is estimated at 8–12% for craftsmen, technicians, and engineers. The South African government, South African companies, and transnational corporations operating in South Africa all engage in extensive recruitment efforts to draw white workers to South Africa from abroad.

Vulnerability

This shortage of skilled labor dramatically escalates South Africa's vulnerability on two fronts. First, it forces South Africa to rely on imported techology and expertise, which increases its already high level of dependency on foreign trade and, therefore, its vulnerability to international pressures, embargoes and divestment.

Secondly, the shortage of skilled labor, combined with growing black worker militancy, has forced the South African government and the companies operating there to modify restrictions on education, training, job placement and trade union rights for black workers. In this sense, apartheid has generated the conditions for its own demise.

The most astute analysis of this central contradiction in the South African economy comes from the man who stands to lose the most: Harry Oppenheimer, head of the Anglo-American corporate empire. "I have always thought," Oppenheimer once noted, "that the rapid economic development of South Africa would in the long run prove to be incompatible with the government's racial policies."

"Reforms"

In response to the critical shortage of skilled labor and rising black militancy, the 1979 government-appointed Wiehahn Commission called for an end to official codes barring blacks from certain jobs and from certain forms of job training. It also recognized the right of black workers to join trade unions. These labor "reforms," however, simply placed black workers in a better strategic position in the economy, and unleashed a new wave of black trade union membership growth and militancy.

The labor "reforms" are part of a broader movement in the South African government and business community to adjust apartheid in a way which will minimize its negative economic effects, reduce political instability, and undercut international pressures. Like the labor "reforms," the government's political "reforms" have also backfired. Coloreds and Asians boycotted the new elections designed to create segregated parliaments for minority groups, while blacks are still excluded from the electoral process.

Many of the U.S. firms operating in South Africa have supported the labor and political "reforms" to alleviate the economic crisis and reduce pressure at home. But they are increasingly confronted with recession, depressed markets, militant unions and the threat of international sanctions. Profits have declined. Inflation has reached 16%, and interest rates have climbed to 25%, fueled by high government spending for political repression at home and military adventurism in neighboring countries.

Major U.S. corporations have been hit with strikes and slowdowns. The ongoing recession and increased labor strife in the auto industry and mounting pressures in the U.S. prompted Ford to sell a majority interest in its South African operations early this year.

At home, divestment pressures have increased. Shareholders have filed resolutions demanding withdrawal. The vulnerability of the South African regime, the fragility of the South African economy, the growing militancy of the non-racial trade unions, and the demands of anti-apartheid forces in the U.S. have converged to make doing business with South Africa an ever-more burdensome task. ☐