

AMERICAN BUSINESS SHOULD PULL OUT OF SOUTH AFRICA

by

George M. Houser
Executive Director,
American Committee on Africa

American business involvement in South Africa is increasingly a matter of public controversy in the United States. The issue has been highlighted in recent months by black workers at the Polaroid Corporation protesting against their company continuing to do business in South Africa and the highly publicized decision by Polaroid management not to accede to this demand. Another participant in this public debate has been Reverend Leon Sullivan, the newly-elected, first black on the Board of Directors of General Motors, who has called for General Motors to get out of South Africa.

Again, considerable publicity has surrounded the decision of the Episcopal Church to use its limited stockholding to vote for General Motors to resume its business operations in South Africa. An article by Ulric Haynes Jr. appeared in the Financial Section of the New York Times on March 28th criticizing the position taken by the Episcopal Church.

As one who has been involved in United States - African relations for the last seventeen years, I believe U.S. business should pull out of South Africa. I should like to explain why. Apparently all parties in this public debate say they abhor apartheid. But there are obviously some basic differences, not only on the nature of apartheid, but on how this evil racist practice can be eliminated.

Those who argue for continued or even expanded American business in South Africa say that a strengthened economy there will not only reflect contradictions in the apartheid system, but will ultimately destroy it. This will happen, they say, because there are not enough whites to fill the need for skilled workers. Therefore, restrictions against Africans filling certain categories of jobs previously reserved for whites will, of economic necessity, fall, and apartheid barriers will gradually be broken. I disagree with this thesis for the following reasons:

First, as American investments have grown over the last twenty years, and as the South African economy has expanded, apartheid practices have worsened. In 1950, American investments amounted to about \$148 million. Now, there are almost 400 U.S. corporations investing about \$800 million. During this same span of years, nonwhites have lost their last representation in the parliament, black opposition parties and leadership have been banned, and multiracial parties prohibited. Non-white unions (never recognized) have been virtually destroyed; laws have been enacted that permit arrest and punishment without charges, trial or appeal. An estimated million people have been forcibly removed from their homes and employment, often with the break-up of families, under the Group Areas Act, to remove black spots, or as part of the homelands policy. Half a million Africans are jailed annually for offenses under the pass laws whose primary purpose is to control the African population.

In the light of these historical facts, it would take a great step of faith to believe the trend would be changed in the next few years.

Second, the argument that an expanding South African economy opens up more skilled jobs with higher pay for some Africans is a dangerous half-truth. The laws make any fundamental change in the status of the African, such as the right to collective bargaining and striking, impossible. In the ten years from 1957 to 1967, African wages in the manufacturing industry went up 59%, but white wages went up 61%. The cost of living increase nullified the theoretical gain. African miners are still at the same economic level as in 1911. Africans still constitute 68 percent of the population and receive less than 20 percent of all income. Whites who are 19 per cent of the population have 74 per cent of the income. In Soweto where approximately 600,000 Africans live in a black ghetto of Johannesburg, 68 per cent of the families live below the poverty datum line. Only slightly more than 6 per cent of the Africans are in the skilled worker category in industry. The agent of the Polaroid Corporation in South Africa, Frank & Hirsch, when they heard that Polaroid wanted them to have an equal employment policy, remarked candidly: "We are governed by the laws of the country. Would they (the government) allow the existence of such a policy? It is not possible."

Third, apartheid is not a system created to deal with the Africans' standard of living. It is a system designed to keep the African people in a permanent state of subservience and to keep a mobile labor force which can be controlled by the white minority in power. This is what the laws of control in South Africa are all about. As the process of industrialization has taken place, a massive police state apparatus has been created to keep the mobile African labor force under control. The reforms which business may bring with some loosening of job categories and some minor pay increases never go so far as to demand changes in the fundamental laws regarding trade

union rights, nor do they affect the power relationships reflected in the pass laws and the laws prohibiting political rights.

Fourth, increased investments by U.S. business in South Africa not only strengthens the power of the white minority, but also aligns Americans politically and economically with the preservation of the status quo. Thus after the Sharpeville Massacre U.S. and other Western economic institutions came to South Africa's rescue. The U.S. has helped South Africa build a self-sufficient economy, and investment in the manufacturing, technological, nuclear and mining fields provides essential political and psychological support to the apartheid system and now helps South Africa expand into the rest of Africa. The U.S. automotive industry controls more than 50% of the production in South Africa!

It is pertinent to ask how U.S. business representatives in South Africa can be instruments of change when they mostly identify with the status quo. In a recent poll of American businessmen in S.A. 74% indicated they would favor one of the two major white parties both of which support white control.

If U.S. business was to end its involvement in South Africa undoubtedly other foreign companies would come in. The 17% profit on investment is not to be ignored. But such an argument by the investor for staying in shades the true intent of its advocate. Fundamental change will take place in South Africa as it has and is doing in other oppressive situations, but it will not happen through slow evolution created by pure economic tokenism. 19% of the population which is white cannot control the 81% nonwhite forever. Rather than being tied to and supporting the status quo, the U.S. ought to be free to support the movements for real change, which are of necessity underground and latent now, but which in connection with other developments in Southern Africa will demand change with increasing intensity. We cannot support both the status quo and the forces of change simultaneously.

Rather than listening to those who argue for increased American support for the status quo through business investments, we would do well to reflect on what Chief Albert J. Luthuli, Nobel Peace Prize Winner and President of the banned African National Congress said:

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