

## Excerpts from speeches at a "SYMPOSIUM ON CURRENT ISSUES FACING AMERICAN CORPORATIONS IN SOUTH AFRICA"

*On September 15, 1981, approximately 125 participants and observers, representing twenty-nine Fortune 500 companies and thirty churches and religious communities met for a full day's discussion of corporate policies on South Africa. Though all declared their abhorrence of South Africa's apartheid system, there was considerable difference of opinion about effective strategies for change in South Africa as well as what constitutes meaningful change. Organized in cooperation with General Motors Corporation and Ford Motor Company, the symposium was sponsored by church organizations. The dialogue, held at the International House in New York City and chaired by former United Nations Ambassador Donald McHenry, consisted of three panels: "Corporate Performance in the Workplace", "U.S. Investors and the South African Government" and "How Corporations Can Contribute to Meaningful Social Change in South Africa".*

*Following are excerpts from several of the statements made by church and corporate spokespersons. The excerpts were selected J. Brian Sheehan, Ph.D., a social anthropologist and 1982 University of Minnesota International Human Rights Fellow who is working at ICCR. Dr. Sheehan also wrote the transitional narrative and analysis found with the excerpts.*

### Introductory Remarks

#### Robert McCabe of General Motors

spoke first during the introductory session. GM employs over 5,400 people in South Africa, primarily in the Port Elizabeth area. Mr. McCabe stated that GM believed maintaining the status quo in South Africa was not satisfactory. Further, he added that the corporation and board of directors:

...are convinced that by our presence and adherence to sound and reasoned operating principles, we have the opportunity to be a positive force for change in that government's apartheid policies. [If] we give up on the prospects for significant and peaceful change and abandon the black and other nonwhite peoples of that country, their only course of action to get relief from racial oppression would be violent revolution. We believe that those who advocate withdrawal before ex-

hausting all peaceful alternatives which have the potential to contribute to change, are not pursuing the best interests of the blacks and other nonwhites in that country.

Allow me to begin by describing ...GM's operations in South Africa. We have had operations continuously in South Africa since 1926. GM South African was formed as a wholly-owned subsidiary in that year and we currently manufacture, assemble and market GM cars, Isuzu trucks as well as locomotives and parts and components in that country. GMSA had sales of approximately 43,200 vehicles last year, accounting for about 10.7 percent of the domestic market...., sixth in that market...., amounting to about 8 percent of total reported U.S. direct investment in that country.

Mr. McCabe went on to elaborate on how GM worked for social change in South Africa:

GMSA's policies provide for equal pay, regardless of race, for all employees with comparable seniority who do similar work in the same job classification.

As of June 30 of this year, GMSA's hourly workforce was 20 percent white, 54 percent colored and 26 percent black and included 143 nonwhite supervisors. There were 63 colored and 24 black salaried employees.

General Motors South African has been a leader in developing and implementing programs to improve conditions for nonwhites in South Africa and we have aggressively pursued the objectives of equal opportunity for all of our employees in that country. A major example of this effort is our early endorsement of Dr. Sullivan's "Statement of Principles of U.S. Firms with Affiliates in the Republic of South Africa."

MCCabe went on to discuss some of the dilemmas faced by a company, which though formally committed to implementation of principles of social justice, continues to do business in an apartheid system. He explained GM's position on two matters of considerable concern to the churches: South Africa's National Key Points Act and the sale of goods to the South African police and military:

In July 1980, the South African government passed the National Key Points Act which appears to have been promulgated in response to certain incidents such as the June

1980 bombing of two of South Africa's synthetic petroleum plants. The objective of the Key Points Act appears to have been to increase the security of those facilities considered vital to South Africa's national security interests.

The South African government, however, has not made public the measures which would be required for compliance under the National Key Points Act. In this respect, GM has not been officially notified by the South African government of its status under this legislation, particularly whether its subsidiary has been designated a National Key Point.

The substance and final implications of this law are still very much undefined. GM is not in favor of any measures which might result in coerced implementation of requirements beyond those considered to be adequate to protect the interests of the stockholders and employees. Should the South African Government, through the National Key Points Act or other legislation attempt to take over our facilities or run them, GM would oppose this action with all legal means at its disposal, and we have met with the government and specifically stated that. Furthermore, GM has encouraged and supports continued clarification and investigation of this matter by the U.S. State Department.

Regarding sales by U.S. firms to the South African police and military, the U.S. Department of Commerce issued a bulletin February 1978, which imposed an embargo on the export or reexport of U.S.-origin commodities and technical data to the South African police and military.

In response to this regulation, GM implemented several measures to assure our compliance and these range from a comprehensive review of all of our vehicles and parts containing any content or technology of U.S. origin, to the complete exclusion of any vehicles with U.S. content or technology from all quotations and tenders to South African military or police entities.

GMSA's total sales to the South African government have declined sharply in recent years. GM continuously monitors its marketing activities in South Africa to assure adherence to the Department of Commerce regulations.

*An ICCR Brief appears in each edition of The Corporate Examiner, a monthly newsletter on corporate social responsibility. Each brief highlights a particular social area and focuses on one or more corporations. It also provides information about action options and resources for issues studied.*

*Copies of the ICCR Brief may be obtained from the Interfaith Center on Corporate Responsibility, Room 566, 475 Riverside Dr., New York, N.Y. 10115. Telephone: (212) 870-2936. Price: 1-10 copies, \$.60 each; 11-19 copies, \$.40 each; 20-49 copies, \$.35 each; 50 or more copies, \$.15 each.*

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Certain stockholders have expressed concern regarding the ethical and social implications of GM continuing such sales and have proposed that the corporation go well beyond the compliance with U.S. regulations and discontinue all sales to the police and military entities in South Africa. GM, however, believes that cessation of these sales, which are nominal and provide no special capabilities to the military or police, could cause our subsidiary to lose not only a large portion of its already reduced business with the government, but that we would also lose significant nongovernment business.

Accordingly, it is our position that discontinuation of such sales would seriously threaten the capability of the corporation to continue operations in South Africa and thereby eliminate the opportunity to contribute and promote needed change in that country. Additionally, the refusal of GMSA to sell vehicles without U.S. content and technology to the South African police and military would not affect the operations of those agencies.

The State Department has indicated that sales by a U.S. subsidiary of non-U.S.-origin commodities and technical data to the South African police and military are not affected by U.S. law and that the United States has not made it a policy objective to keep such commodities and technical data from reaching the South African military and police.

McCabe justified General Motors' position on Key Points legislation, sales to the South African police and military and its presence in South Africa, saying:

General Motors believes that the objective of peaceful constructive change in South Africa cannot be the sole responsibility of U.S.-based companies with operations in that country, or for that matter, of the entire private sector alone. There are other institutions, such as churches, universities, trade unions and the media which must contribute their capabilities in this struggle to end apartheid.

It has long been GM's belief that the corporation cannot effectively promote the necessary social and economic changes in South Africa, if it withdraws from the country. GM believes it has played a part in improving the economic and living conditions for its nonwhite employees and their families, and that GMSA's methods of doing business continue to be a constructive force that has brought social equality closer to reality.

In a second keynote address, William P. Thompson, stated clerk of the United Presbyterian Church in the U.S.A., reaffirmed the churches' unyielding opposition to apartheid and discussed the concerns of church investors about U.S. corporate investment in South Africa:

I am particularly pleased that Mr. McCabe is here from General Motors. I have had

very profitable discussions with the recently retired chairman of General Motors, Mr. Tom Murphy, particularly centering on the issue of the sale of the products of General Motors South African to the police and military. The conversations have been mutually instructive but I regret to say that the policies which Mr. McCabe has outlined are exactly the same that Mr. Murphy conveyed to me some four or five years ago. And so we begin at about the point where I began my conversations with Mr. Murphy.

The system of apartheid as practiced in South Africa is an affront to the religious, moral and ethical convictions of the churches, the United Nations and the world. Apartheid as a system has economic, political, social and cultural ramifications expressed in a multitude of discriminatory laws and practices. It, however, involves a more basic issue because it violates the meaning of creation, the very nature and destiny of all humanity. Apartheid embodies a pattern of injustice and oppression imposed on a people solely because of their race. It involves a more basic issue because it violates the meaning of creation, the very nature and destiny of all humanity. Apartheid embodies a pattern of injustice and oppression imposed on a people solely because of their race. It involves a denial of inherent claims of all people to dignity, equality and freedom. It borders on the denial of even the right to life itself. In a religious sense, it involves the breaking of the fellowship of those who believe in God as the creator of all people. The churches hold that same conviction today.

Our fear, as church investors and, indeed, as concerned Americans, is that the United States companies are being drawn into one side of a racial conflict—a side which we are confident is the wrong side. It is the duty of the churches to seek out and to speak out for justice in an unjust world, and the churches will not be confused by laws that permit, enforce or allow collaboration with blatant oppression. We are here today from the churches in part to pledge that we will not be sidetracked from our support for our brothers and sisters in South Africa.

### **I. Corporate Performance in the Workplace**

Dan Purnell, executive director of the International Council for Equality of Opportunity Principles, Inc., was the first speaker on the first symposium panel. The International Council for Equality of Opportunity Principles, the organization founded by the Rev. Leon Sullivan, monitors and reports regularly on the performance of the U.S. companies operating in South Africa which have signed the Sullivan Principles on employment practices in South Africa. Mr.

Purnell said that during a trip to South Africa from which he had only just returned, he had talked to people "on the streets, in their homes, in the factories, and everywhere." According to Mr. Purnell, people said that the Sullivan Principles had made a profound difference in their lives. Though he believes they need to do more, Mr. Purnell stated, "American companies who are working in South Africa are the most viable vehicle for changing that republic."

Purnell was followed by Robert Copp, manager of the International Labor Office of the Ford Motor Company. In his remarks, Mr. Copp made reference to the Wiehahn Commission, the first of two commissions established by the South African government in the aftermath of the township uprisings. The commission, under the leadership of Professor Nicholas Wiehahn, studied South African labor laws affecting black workers and was charged with making recommendations for "the adjustment of the existing system." Mr. Copp discussed Ford's experiences with black trade unions:

The Wiehahn Commission has been making an effort to assure at least equal treatment for trade unions with black members. During the days when trade unions with black members were not eligible for registration and, therefore, formal recognition in the labor relations system of South Africa, Ford of South Africa was approached by a group of its black employees who had organized themselves as the UAW [United Auto Workers]. Actually they had been organized with sponsorship from a recognized, registered colored union, the Motor Assembly and Rubber Workers of South Africa, and with outside assistance from the UAW in the United States and from the International Metal Workers Federation in Geneva, but it was not a registered, formal, legal organization. And Ford, in late 1976, was faced with the question of how to deal with this body of employees.

The demonstrable majority representation required a certain skirting of the law in that the Industrial Conciliation Act and the Black Labor Administration Act did not permit the check-off of union dues. With the advice of South African legal counsel, Ford South Africa developed the idea of accepting, as a demonstration of interest in this unregistered union organization, a check-off or a subscription to the union's burial insurance fund. When 50 percent plus one of these subscriptions had been presented to the company's management, Ford South Africa recognized the unregistered UAW as a representative of its black employees. That was in March 1977, almost concurrently with the drafting of the Sullivan Principles. Meantime, under amendments to the Industrial Conciliation Act, which followed the Wiehahn Commission recommendations, the



original unregistered UAW has merged into and become a part of the already registered multiracial, basically colored union. So where we are today is formal, black participation in the legal labor relations system through that registered union.

**Dr. Avery Post, president of the United Church of Christ**, raised the question in his presentation of whether or not the Sullivan Principles had been coopted. Post quoted one South African who referred to the Sullivan Principles as "polish" on his chains:

From the churches' perspective, the U.S. corporation cannot be in South Africa without keeping the door open to not being there at all. The general principle is that the good we try to do can be and is often coopted by the powers of evil. That principle in our view has to be part of the calculus used by corporation policy makers in relation to the total South African situation, including the workplace.

I suppose that some of us have to observe openly and publicly that we have some concerns about the value of the Sullivan Principles, that they too have been coopted. "These principles," said one South African person, "attempt to polish my chains and make them more comfortable. I want to cut my chains and cast them away." I think the Sullivan Principles remind us that our good works are always becoming less than we intend because of the pride with which we stroke them. From a perspective of the church, the workplace is a significant arena of access to justice for persons to whom justice has been denied and also access to the fearsome issues of destiny that lie ahead for South Africa.

In the question and answer period following this panel, a church representative characterized South Africa as "a country inflame" and questioned the efficacy of the Sullivan Principles. Declaring "I submit to you that as each black leader becomes a person of power and influence for the majority, he is systematically picked off and jailed." The church representative expressed grave doubts on the possibility of peaceful change in South Africa.

## II. Corporate Relations with the South African Government

In the second panel, **Roger Wheeler of Control Data Corporation**, discussed his company's South African operations. He said that, in contrast to its procedures in other countries, Control Data asked its salesmen in South Africa to be selective in their choice of customers so that Control Data products would not be used for repressive purposes. Wheeler also said that management in Control Data headquarters in Minneapolis-St. Paul reviewed what the machines were to be used for before installation in South Africa.

In a strong statement, **Regina Murphy, S.C. of the Sisters of Charity of St. Vincent de Paul**, criticized current U.S. business operations in South Africa as approximating a partnership with the South African regime in its enforcement of apartheid:

The question of corporate relations with the South African government has been an item of central concern for the churches over the past decade and more. We fear that the record shows a comfortable commercial relationship, one in which many United States companies have sold strategic products and technological skills which assist the South African government in administering and strengthening that apparatus of apartheid. Sanctioning sales to the police and military is one of the clearest examples of the ways in which United States companies collaborate with the South African government in maintaining white supremacy. General Motors and Ford continue to sell vehicles to the South African police and military despite the United States embargo regulations. The fact is that while the letter of the law is being observed, the spirit of the law certainly is not.

We believe that direct sales of this sort to the police and military provides unequivocal backing for the forces of violence and repression. General Motors', Ford's and Mobil's claim to be a positive force in South Africa seems, in many cases, unfortunately to be a cruel joke when viewed in the context of the entire situation and in the context of sales to the police and military.

Another example of strategic sales to the South African government is the sale of computers. Our major computer companies, IBM, Control Data, Burroughs, Hewlett-Packard and so on, are all active in South Africa, active in selling directly to the government or to the parastatal agencies which are part of that government. United States computers are found in the National Institute of Telecommunications Research, the Electricity Supply Commission, the Atomic Energy Board, the South African Airways, South Africa Railways, and so on. As a result they enable the government to do its business, carry out its communications, transportation, and to administer and maintain apartheid.

In short American computers enable the infrastructures of the apartheid government to be maintained. Commendable as the policies of Control Data, Burroughs, IBM, Ford and General Motors are, the results of policies that forbid sales abridging human rights, have not been as commendable. South African agencies are filled with U.S. computers, making apartheid function that much more efficiently.

Another area of concern for the churches as we view corporate relations with the South African government, is the necessary compliance with South African laws. The Official Secrets Act prevents U.S. oil companies from

knowing who their clients are or how much of their product is sold to the police and military. Recently reaffirmed Key Points Legislation allows armed militia to be stationed on the company premises of strategic industries and plants to be "secured".

These and other examples cause many of us in the church to believe that the United States companies are in a commercial partnership with the South African government. A partnership which, while unintentional, provides concrete assistance to that government as it pursues its apartheid policies. We call on business today to make its voice heard louder and clearer in opposition to the apartheid policies and practices of the South African government and to voice that opposition in actions as well as words.

Following Sister Murphy's remarks, **Mr. Timothy H. Smith, ICCR's executive director**, posed the question:

What happens in the context of increasing militarization when our companies are forced to do things that they should refuse to do, in conscience, or that they wouldn't decide to do here [in the U.S.]? We see the situation [in South Africa] becoming increasingly militarized; we see our companies being caught up in that and being put in a very difficult position indeed. It troubles us greatly.

Next, **Marc Sussman, a representative of Chemical Bank**, read the bank's official policy concerning loans to South Africa:

As a matter of firm policy, we make no loans or other credit accommodations whatsoever to the government of South Africa or any of its instrumentalities or political subdivisions. The bank has no intention of doing so until the question of apartheid is resolved. This has been our standing policy since 1974. In the private sector we do have short term trade related transactions involving non-strategic goods.

**The Rev. M. William Howard, Jr., then president of the National Council of Christ in the U.S.A.**, explained the NCC's opposition to foreign bank loans to South Africa:

In a nutshell it is our position that foreign bank loans to South Africa act to strengthen apartheid and white minority rule. Whatever the intention or desire of the lender, the South African regime uses such loans to bolster its position and to resist demands for a change from outside and inside.

Although a number of banks tried to legitimize their lending by making loans of a "socially productive nature", it is clear that this was merely an attempt to keep this channel of finance open while attempting to silence critics. The willingness of foreign banks to be publicly associated with South Africa again has tremendous economic and political significance for the apartheid regime.

One reason for the demand [for loans] is the cost of financing an increasingly militaristic state that is faced with the pros-



pects of international sanctions. As Owen Horwood, South Africa's finance minister stated when announcing the [September 1980, \$250 million] loan [to the South African Ministry of Finance from an international consortium including Citibank], "We did not really need the money, but it is important to fly our flag in the international capital markets."

Thus, Citibank assisted in building South Africa's moral and financial credibility as well as providing hard cash for apartheid. The response to Citibank has been direct and clear. Tens of millions of dollars of church accounts have been withdrawn.

**Bill Kopliwitz of Citibank** responded to Rev. Howard's remarks by stating that banks, corporations—the American business community—were in South Africa essentially to conduct business. Kopliwitz, who characterized the South African system as evil, justified Citibank's loan on the ground that it "... will increase the skills, the welfare, the capacity of blacks in South Africa to look after their affairs and to promote the social change that we have been talking about."

### III. How Can Corporations Contribute to Meaningful Social Change in South Africa?

The third panel was begun by **Dr. David Preus, president of the American Lutheran Church**, who called on American corporations to support the just aspirations of the South African majority by making no new investments in South Africa and by bringing pressure on the South African government:

We ask you as a general rule to make no new investments in South Africa. We also ask you to reorder the allocation of your assets in South Africa, material and human, in such fashion that the overarching objective of all your operations there address black economic, educational and social progress as well as providing necessary goods and services. We believe you can do this and also earn a suitable return on your investment. Without directly entering the political process, corporate executives can, in personal dialogue, implant and strengthen the concepts of justice and equality through universal political opportunity.

**Bill Broderick, director of research and analysis for International Government Affairs at the Ford Motor Company**, stated that whether meaningful social change was possible in South Africa was a legitimate question. Broderick stated that the two prerequisites for successful social change were a strong and articulated commitment from U.S. management and an imaginative and determined implementation at the local level. Broderick stated that he felt U.S. companies could work for change in the workplace and the com-

munity in the areas of housing, education and training.

Next **Father Charles Cahm, O.P., a Dominican priest from Chicago**, both raised and answered negatively the question of whether U.S. companies can effect meaningful social change in South Africa. In his remarks, Fr. Dahm mentions the Wiehahn Commission, discussed by an earlier speaker, and the Riekert Commission, the second of the government commissions established after the township uprisings. The Riekert Commission, charged with the study of manpower utilization, in May 1979 recommended with some adjustments, the continuation of the influx control and the pass law systems, the backbone of South Africa's program of separate development. Fr. Dahm stated:

I think one of the key points is in the title of our panel and that is "meaningful social change". Bishop Desmond Tutu's remark that we've seen "some improvement" but we haven't seen any "social change" is very relevant.

What is the cost? While these few benefits are occurring, brought about by rather courageous people who are willing to stick their necks out in South Africa, it's our position that the cost is tremendous.

I'll just cite briefly some of those: One is [that in South Africa] we have a stronger state apparatus than ever before. The military has become largely self-sufficient, producing arms itself. Economically the country is much stronger and self-sufficient than it ever was.

Two, there is a sustained and strengthened policy and program for separate development.

Third point is, where we might say there has been a little bit of social change in the Wiehahn Commission recommendations and to a much lesser extent, the Riekert Commission recommendations. We have some recognition of black trade unions, but we know that registration is practically at the discretion of the Ministry of Labor. Take the Riekert Commission: the residency requirements to give blacks residency rights are practically cynical. They're almost impossible to fulfill for any significant number of black people.

Number Four, the gap between black and white wages: the data I have indicates that the gap between white and black wages is worse.

A fifth area, with regard to social change: what we have seen is a growing likelihood of a violent uprising.

Sixthly, strengthening in the hard line position among the leaders of the country: Are we actually seeing them weaken in their position or is it actually getting stronger? My reading of the situation is that they're actually digging in.

Number seven, is there any evidence of political power sharing? We've had the explicit denial of that. There will never be one person, one vote.

Eighth and finally, the repression against freedom of speech has only increased, not decreased in the last decade.

Enlarging upon Fr. Dahm's comments, Mr. Smith, ICCR's director stated:

My final point would echo one I made earlier. Where do U.S. companies stand as violence unfolds? Will our company technology, our personnel, our Mobil oil, our GM and Ford trucks and cars be used by the South African government as they try to keep power? Will our companies be caught up in supporting and interpreting positively what the South African government is doing as it tries to maintain control? I would hope not, but again I think the record has not been such that allows us to sit by comfortably.

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*For a copy of the complete transcript of the symposium speeches, questions and remarks write to:*

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