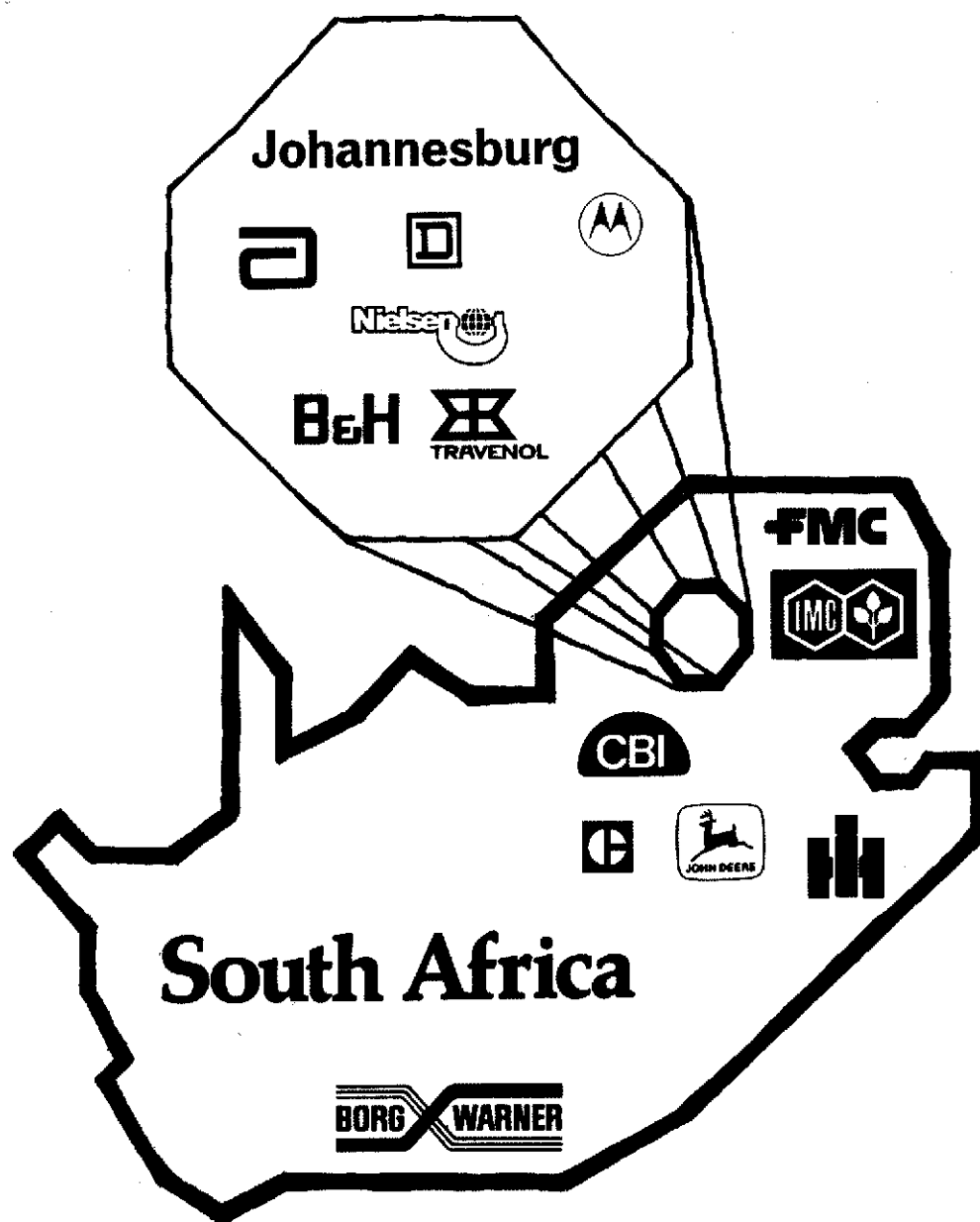


# PROFITS & PREJUDICE:

Illinois Corporations' Investments  
in South Africa

1985



ISBN 0-931879-00-0

Clergy and Laity Concerned

# **PROFITS & PREJUDICE:**

## **ILLINOIS CORPORATIONS' INVESTMENTS**

### **IN SOUTH AFRICA**

This staff study by Chicago Clergy and Laity  
Concerned was prepared by Norman Watkins

Special appreciation is expressed to the  
financial sponsors for the study:

Crossroads Fund, Chicago

Illinois Synod, Lutheran Church in America  
(Special Mission Fund)

World Council of Churches' Programme to  
Combat Racism

Relations Foundation

The J. Roderick MacArthur Foundation

The CALC Foundation

**Clergy and Laity Concerned, Chicago Branch**  
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CHICAGO, IL 60602  
(312) 899-1800

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Cover design: Steve Canine

Library of Congress Catalog Number 84-072411

ISBN 0-931879-00-0

Printed in the United States of America

Publisher: Clergy and Laity Concerned, Chicago Branch  
173 W. Madison, Room 1108  
Chicago, Illinois 60602  
(312) 899-1800

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# Acknowledgements

I warmly thank the many people whose efforts were quite necessary to the preparation of this publication.

I give special thanks to Queen Parker and Ragan Communications for their excellent, painstaking typesetting work which made this publication possible.

I am indebted to the publications of the Investor Responsibility Research Center and to the help of their excellent staff. Gail Hovey, formerly of the American Committee on Africa, together with Jennifer Davis and Dumisani Kumalo from the same organization, have written much of the basic research in the field on which publications such as this rely for background materials. Father Charles Dahm of the Eighth Day Center in Chicago and Timothy Smith of the Interfaith Center on Corporate Responsibility coordinated work that led to much of the disclosures regarding the corporations under study here. Without the aid and suggestions of these people and organizations the quantitative data would have been fragmented and incomplete.

The underlying perspectives on South Africa and U.S. investment are drawn from the South Africa activist community in Chicago; their ideas led to the development of this project. I would particularly thank Steve Apotheker, Professor Dennis Brutus of Northwestern University, James Cason, Dr. Walter Cason, Drs. Jan and Joy Carew, Dr. Don Crummey, Carole Collins, Eloise Chevrier, Mary-Beth Gilbertson, Stewart Herman, Yodeta Holly, Cheryl Johnson, Dr. Burton Nelson, Fr. John Pawlikowski, Artie Rivers, Dr. Richard Tholin, and Carol Thompson.

In the research and writing stages several people offered great assistance and advice. Elizabeth Schmidt contributed extensively to the work on the first section. John Kretzmann, Linda Groetzinger, and particularly Prexy Nesbitt (co-chair for the Coalition for Illinois Divestment from South Africa along with Cheryl Johnson) contributed greatly to the design of the book. All of them have had more patience with me than I deserved.

The research assistance of Maidel Cason and Hans Panofsky, both curators of the Africana Library at Northwestern University, are particularly appreciated.

To the Crossroads Fund, the Illinois Synod of the Lutheran Church in America, and the Programme to Combat Racism of the World Council of Churches I extend warm thanks for their fiscal support.

Nancy Quinn proofread the manuscript. Ron Freund made editorial suggestions.

To Ron Freund, Marco Pardo, Andrew Skotnicki, Robert Stein, the staff, and Sue Bonhivert and Ray Kaepplinger, the volunteers of Clergy and Laity Concerned, I owe whatever sense of humor I have kept during this project.

*Norman Watkins*

# ***FOREWORD***

As a life long trade unionist and a member of Congress, I have often raised my voice in protest against the South African government's violent and brutal repression. It denies rights which Americans hold basic to human dignity, to the 24 million blacks who make up 85 percent of that country's population.

As a United States citizen who is concerned about our country's role in the world, I have been moved by conscience and moral conviction to speak out against the Reagan Administration's hypocritical posture. It condemns injustice in nations which do not follow our system of government while remaining mute about the apartheid regime's continued acts of murder and other atrocities in South Africa.

I have consistently joined with members of the Congressional Black Caucus and with Representatives and Senators from both major political parties in presenting legislation calling for economic and diplomatic sanctions against South Africa as suggested by the United Nations.

As one of the first congressmen to be arrested during recent demonstrations at the South African Embassy in Washington, D.C., I was encouraged by the tremendous outpouring of support which Bishop Desmond Tutu, the Free South Africa Movement and others have received.

Americans of conscience realize that the Reagan policy of "constructive engagement" (a policy which encourages U.S. investment in South Africa) is not in the best interests of our country.

President Reagan and his advisors have remained steadfast in their support of the apartheid regime. Yet hundreds of thousands of factory workers in this country have been idled because U.S. based corporations are relocating their manufacturing facilities to South Africa. This maximizes profits by exploiting the low pay and poor working conditions for black South African workers. For this reason it is imperative that we continue to apply pressure to force a change in the Administration's policy.

Clergy and Laity Concerned's publication on Illinois corporations' investments in South Africa is a welcome addition to the growing body of literature which identifies the role that U.S. companies are playing in supporting the South Africa government. It is a guide that will be useful to churches, trade unionists, legislators, educators, community groups, organizers and others who are interested in gaining a better understanding of this vital issue. I hope that it will provide inspiration and direction to the efforts of those involved in the fight for justice, self determination and full participation in government for all of South Africa's people.

*Rep. Charles A. Hayes*  
*First Congressional District, Illinois*

# INTRODUCTION

The purpose of this handbook is to give specific examples of the role U.S. corporations play in South Africa, within an overall analysis and interpretation of that role. The examples are the South Africa operations of Illinois-based corporations. A second purpose for this handbook is to enable Illinoisans to take informed action on South Africa issues. Before the full potential for such action can be fulfilled, further critical questions need to be asked of those firms based in Illinois and elsewhere, which have failed to provide forthright answers to basic questions about their role in South Africa. This handbook seeks to outline both what is known and what is yet to be disclosed by these firms, along with ideas for what local groups can do to that end.

## *Scope of the document*

We will begin with an overview of South Africa's political and industrial situation. Within this context an overview of the role of Illinois-based corporations taken together as they affect South Africa will be given. An overview of the responses to the issue of apartheid by South African opposition leaders—and by Illinois church, labor, and academic groups—will be given. These responses will be explored more thoroughly in Section III.

The main body of the handbook, Section II, is a firm by firm summary of the operations in South Africa by subsidiaries of Illinois firms. This will highlight the information we have and that which we have not been able to obtain. The final section lists the actions Illinois groups have taken to end investment in South Africa, and invites further discussion of these and other possibilities by concerned Illinoisans.

## *Apartheid*

*Apartheid* (which literally translates "separateness") was the South African government's official name for its racial policies. While recently proclaiming that "*apartheid* is dead," South Africa's political leaders have merely refined and renamed these policies. What was eliminated were the overt "Jim Crow" laws preventing Africans from using public accommodations and facilities labelled "whites only." What remains is the fundamental nature of apartheid.

In this publication we use the terminology adopted by the South African Institute of Race Relations when describing various racial groups. The four major racial groups will thus be called: Africans, Asians, coloreds, and whites.

Africans, Asians and coloreds taken as a united group will be referred to as blacks. (We thus use the term "African" where earlier publications generally used the term "black," to describe the single largest racial group). These terms derive in part from the thought of the great philosopher Steven Biko, author of the concept of "black consciousness," who eloquently called on people from all racially oppressed groups to recognize themselves as blacks.

Control over the movements, work, housing, and families of Blacks is the purpose of *apartheid*. The essential provisions of *apartheid* are:

1. Land reservation. In 1913 five-sixths of South Africa was legally designated white property. The discovery of minerals in some African areas has caused the government to declare these areas to be white property also.
2. There are ongoing takeovers of other areas for agricultural, residential or security uses also. These are called "black spots."
3. Removals. White authorities
  - a. remove Africans from black spots (over 250,000 during 1948-1976).<sup>1</sup>
  - b. evict African sharecroppers (340,000 during 1960-1970).<sup>2</sup>
  - c. remove Africans from urban areas if they have not met the "influx control" requirements regarding longstanding residency and employment (over 30,000 removed to Bantustans yearly during 1976-1978).<sup>3</sup>
- d. practice urban relocation. Through this the government declares African sections of town to be white and requires the residents to move to the nearest Bantustan—or if the African section is near the Bantustan, the government may simply redraw the Bantustan border to include it.

As a July 19, 1984 letter from the South African Council of Churches puts it,

The policy of forced removals is continuing unabatedly. . . During the last few days the South African authorities have repeatedly destroyed plastic shelters of "squatters" in Cape Town. . . to convince people to move "voluntarily" to Khayelitsha—a newly assigned township 35 kilometers from Cape Town.



- e. remove Africans in the process of creating contiguous homelands ("homelands consolidation"). This process is necessary because the African areas the government has declared to be "homelands" are actually scattered pieces of land.
  - f. remove whites, Coloreds and Indians in the process of enforcing the Group Areas Act, which outlines urban segregation policies. (555,000 people were removed 1950-1978 of whom 98.4% were Coloreds or Indians.)<sup>4</sup>
4. Control over the movements of Africans using the "passbook" system. In 1982 206,022 Africans were arrested for violating passbook laws (262,904 in 1983).<sup>5</sup> Passbook laws do not apply to whites. These laws restrict the movements of Africans within and between different areas based on residence, marital and employment status, past police records, ethnicity, and other factors.
  5. The "homelands" policies, which apply to the ten "homelands" into which the "non-white" areas have been grouped.

It is the government's policy that all of these ten areas will eventually be independent, their residents having no legal rights within white South Africa, their residents removed from census and health statistics for white South Africa. Four of the ten areas have already been declared independent.

It is also government policy to assign to every African a "citizenship" in one of the ten homelands. Striking, losing one's job, or certain pass law violations can result in deportation to the "homeland"—even if the person had never seen the "homeland" to which she/he was assigned citizenship.

This *apartheid* system creates a pool of highly repressed and economically desperate African workers. It also creates a divided and separated labor force, depressing the labor union movement. It reinforces divisions between the racial groups by giving different treatment to each group—Africans, coloreds, and Asians.

U.S. corporations doing business in South Africa benefit from the system, particularly from the passbook laws which make strikebreaking activities enforceable by deportation to the homelands if necessary. The increasing strength of the independent black trade unions is nevertheless creating some restrictions on the labor policies of some U.S. employers operating there. U.S. corporations in South Africa indirectly participate in the enforcement of *apartheid* by paying taxes to the South African government.

The *apartheid* system is much more than a system of workplace segregation. The *Sullivan principles* were created by U.S. corporate leaders including Rev. Leon Sullivan, a director of General Motors. While a discussion of the principles will come later, the point of the principles, according to supporters, is that they will sup-

posedly create future conditions under which *apartheid* will be impossible to maintain, due to the need for a larger skilled workforce. The net effect of this "progressive force" argument is to enable U.S. corporations to take profits in the present while displacing the issue of Black majority rule to the future.

### *The Sullivan Principles*

The Sullivan Principles are:

1. Non-segregation of the races in all eating, comfort and work facilities.
2. Equal and fair employment practices for all employees.
3. Equal pay for all employees doing equal or comparable work for the same period of time.
4. Initiation and development of training programs that will prepare, in substantial numbers, Africans and other non-whites for supervisory, administrative, clerical and technical jobs.
5. Increasing the number of Africans and other non-whites in management and supervisory positions.
6. Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, and health facilities.

These Principles were proposed by Reverend Leon Sullivan, a member of the Board of Directors of General Motors, at the height of resistance to South African racial oppression, in 1976-77. These principles were endorsed initially by 12 of the large U.S. investors in South Africa. (The 12 were American Cyanamid, Burroughs, Caltex, Citicorp, Ford, GM, IBM, International Harvester, 3M, Mobil, Otis Elevator, and Union Carbide.) Recognition of black trade unions was later added as a seventh principle.

The Sullivan Principles affect less than 1% of Africans in any meaningful way, because less than 1% of Africans work for U.S. based corporations (and of these only half endorse the Principles). For the other 99% the major impact of U.S. investment is the strength it gives to the white government, economically and strategically. Right on the border of South Africa is Zimbabwe which became independent in 1980 due, in part, to U.S. economic sanctions on chrome importation from the mines of Zimbabwe, then called Rhodesia). The role of the U.S. based corporations in sustaining South Africa's technical, military and economic strength is ignored by the Sullivan principles.

Popularly supported Black leaders and many outspoken individual Blacks there have spoken out against the idea that the Sullivan Principles could lead to meaningful change in South Africa. Several were interviewed by Elizabeth Schmidt and quoted in her book, "The Sullivan Principles: One Step in the Wrong Direction."<sup>6</sup>

Three of the leaders Ms. Schmidt interviewed were Nobel Prize winner Bishop Desmond Tutu; Ben Motsuenyane, the only African manager at the Anglo-American Corporation, among the largest mining houses in South Africa; and Fikki Ahshene, an official of the FOSATU-affiliated National Union of Motor Assembly and Rubber Workers of South Africa, which represents workers at some large U.S.-based corporations' plants including Firestone. Bishop Tutu said regarding the Sullivan Principles that

Our rejection of the code is on the basis that it does not aim at changing structures. The Sullivan Principles are designed to be ameliorative. We do not want apartheid to be made more comfortable. We want it to be dismantled.

Ben Motsuenyane said,

Americans have been hoodwinked about the South African situation. They come here and fall into the system. As far as we are concerned, there has been absolutely no change. Our criteria for change are so different than the gimmicks that have been presented to us.

Fikki Ahshene, whose union represents black workers at companies with large South African workforces, said,

We don't accept the Sullivan Principles. . . . They were drawn up by the employers. Sullivan is on the Board of Directors of General Motors. He is part of the management. . . . South African workers had no say in the code. If Sullivan wanted a big change in South Africa, he would have asked the workers what they wanted. . . . The desegregation of eating facilities is not important to us. The Sullivan Principles are just a means of taking pressure off the American multinationals.

Schmidt also interviewed Anglican Bishop Bruce Evans of Port Elizabeth, who said,

The employment codes disregard the economic role of multinational corporations in the South African economy. The whole problem is an economic one. *Apartheid* is there to hold up the economic system.

While the Sullivan Principles have been used by many corporations to justify continued investment in South Africa, even Reverend Sullivan himself in a recent publication had to defend them in blunt terms:

We must be wary that the Principles and (other) codes do not become a smokescreen behind which the *apartheid* regime continues to carry on its brutal, vicious, and inhumane practices. . . . the intent of international businesses must not be to adapt to the system but to change, then eradicate it.<sup>7</sup>

Rev. Sullivan has had to change his position on a number of issues.

The Reverend Sullivan has himself shifted his attitudes since 1976. . . . When the Principles were criticized by trade union and other Black leaders during a 1980 visit to South Africa by Reverend Sullivan, he admitted that change was coming far too slowly. He called for an end to all bank loans to, and all new investment in, South Africa.<sup>8</sup>

The call for no new investment has been ignored by a number of Sullivan Principles endorsers, including some of the largest companies in the U.S. As the writers of the above-quoted analysis drily put it,

The contradiction inherent in the position that new investment supports apartheid while existing investment is justified has not been satisfactorily resolved.<sup>9</sup>

## Conclusions

This is intended to be a working document; more data is needed on several of the Illinois corporations' South Africa operations. We invite readers to join us in building a network calling for more complete disclosures. However, the data already available leads us to make several conclusions regarding South Africa and foreign investment in that country. We conclude that

1. The denial of all political rights and most economic rights to the African majority (particularly the denial of their equitable share of the country's resources) is a fundamental principle of South Africa's apartheid system. All reforms implemented or proposed to date are limited either in scope (to Indians and coloreds, for instance) or in importance (to cosmetic issues such as mixed-race marriages, or desegregation of public facilities).
2. U.S. corporations' investments in South Africa aid South Africa's strategic, industrial and economic strength. They aid critically important sectors of the economy (petroleum, mineral and chemical production, and data processing), add to its diversity and strength, and (particularly in the case of banks) enable it to meet shortterm cash needs that otherwise would destabilize the economy.
3. The enforced poverty of Africans and the forced removals of many of them from their homes leads to a situation where Africans have become and will be increasingly unemployed, sick, and desperate.

4. United States investments in South Africa have not employed a significant proportion of Africans in South Africa (less than 1% in fact). Yet, these firms have been responsible for a very significant share of South Africa's industrial development. Thus these firms, on the whole, are strengthening the forces that oppress Africans and contribute to their impoverishment rather than helping them. As a report to the Senate said,

"The net effect of American investment has been to strengthen the economic and military self-sufficiency of South Africa's apartheid regime."<sup>10</sup>

5. While a few African employees have been affected by U.S. firms' employment standards in South Africa, there are other institutions (such as Black trade unions and Black political organizations) which have done much more for them without strengthening South Africa's oppressive forces. In this connection it should be noted that not all U.S. employers even claim to adhere to beneficial employment practices. Of U.S. firms which have operations in South Africa, less than half endorse the Sullivan fair employment principles, and of these, only a few have taken the further step of recognizing independent Black trade unions seeking to institute collective bargaining.

While corporations not based in Illinois (particularly oil, automotive and computer manufacturers and major New York and California banks) have greater roles in supporting apartheid, we believe that this study strengthens the case that all banks and corporations should be required to withdraw their investment from South Africa. Corporate withdrawal from South Africa means the sale to non-U.S. entities of assets there, and an end to sales operations there. Corporate withdrawal from South Africa is supported by many prominent black South African leaders.

In the spring of 1985 civil disobedience and protest activities were supported by numerous college student groups and faculties across the country. Some colleges responded only by renewing dialogue with student groups, while Dartmouth College agreed to sell \$2 million in shares in two firms, in a partial divestment action.

The cumulative impact of the divestment movement is building pressure against further investment in South Africa by U.S. firms. The divestment movement has also built grassroots support for U.S. economic sanctions against South Africa, as evidenced by recent Congressional votes toward ending military and nuclear cooperation with South Africa. (The voting patterns mirrored the geographical areas where the most divestment activity has occurred.) Clergy and Laity Concerned therefore supports the divestiture of corporate obligations and closing of accounts with institutions which have business operations in or loans to South Africa.

# **PART I:**

## **Context For Illinois Corporate Involvement in South Africa**

### **A. Overview of South Africa's Political Situation**

South Africa has established Race Classification Boards and laws to classify every child on the basis of race, as "White," "Colored," "Asian" or "Black." Among nonwhites there is increasing rejection of these categories, in favor of the single term black to designate all nonwhites (Africans, Asians and coloreds). Therefore, we will use the term Africans for the largest of the four racial groups.

*Apartheid* is the exploitation of Blacks (broadly defined henceforth) and their exclusion from most material benefits of the country. Apartheid is founded on the dispossession of Africans through the removal of them from land desired by whites. After this fact there is the additional legal, economic, and political framework justifying and refining white controls over the lives of particular sectors of black society.

The legal aspect of forced removals is the government's Native Lands Act and amendments, which created the legal notion of "homelands." Under the "homelands" scheme, the poorest and driest areas of South Africa, covering less than 1/6th of the total area, unwanted by whites, have been declared the "homelands" of Africans. The entire African population has been assigned an affiliation with one of ten "Bantustan" or "homeland" governments. Some of the Bantustans have been declared independent, meaning that all affiliated Africans lose South African citizenship, and are no longer included in statistics kept by the South African government on South Africa proper. For this reason South African government statements about Africans can be quantitatively as well as qualitatively misleading.

Over 2 million Africans were forcibly removed to the homelands during the years 1960 to 1982.<sup>1</sup>

Even for those not affiliated with independent homelands, most citizenship rights which could be the basis for progressive social change have been legally denied. Africans may not live in the white areas without a permit, even though they are over 70% of the population and the white areas comprise over 85% of the land. The permit system bars them from the white areas unless they meet rigid requirements based on employment, length of residency, and marital status. An "influx control" system uses reference books or (colloquially) "passes" as enforcement tools but arbitrary deportations occur frequently. Every African over 16 must carry a passbook and submit it for inspection on demand by white officials.

The passbook states the work history, present employer, marital status, place of residence, and police record of the holder. These are used to determine whether the holder can legally *be* where she/he is at the moment. In the nine largest urban areas taken together, an average of 360 Africans were *convicted* each day for pass law violations during 1983<sup>2</sup>, up 42% from 1982.<sup>3</sup>

Economic advancement for Africans has been made subject to the needs of the South African system. The agents of this subjugation are the "labor bureaus" and the government's land-use planning program. The labor bureaus recruit these workers for those job openings which do exist. Their offices throughout South Africa are familiar to virtually the entire African workforce. At the same time they provide a vital service to employers, they discriminate against those whose passbook indicates former political or strike activity. They also enable the quick recruitment of labor in the event of massive firings of protesting workers at corporations.

The deportation of Africans to homelands is a frequent occurrence. They can be deported if their area is taken for white use, if they are unemployed or unemployable, or for certain other reasons. The homelands have become reservoirs of unemployed people, mothers and children, elderly, and others deemed "superfluous appendages" to the system. The desperate economic conditions prevailing in many of the homelands means labor bureaus in the homelands can recruit laborers there for almost any wage.

#### **1. Basic conditions**

The toll of *apartheid* has been immense. Infant mortality is 1.3% for whites, but 9% for Blacks.<sup>4</sup> Malnutrition affects 2.9 million Black children under 15.<sup>5</sup> Blacks have no governmental, old age, unemployment, or accident benefits. Blacks needing such help may find support from their family or friends, but may also be deported to the bantustans. "Black" housing in the urban areas is located in the "townships," ghettos located miles from jobs in the central city. "Blacks" are in most cases not permitted to spend the night in the city. Official unemployment figures for Blacks are around 8%, but unofficial figures are up to 25%, particularly in the bantustans.

## 2. Closing the avenues to peaceful protest

Peaceful protest is no longer a viable means to change in South Africa. Boycotts, outdoor demonstrations, and conscientious objection for almost all white males, are all illegal. A progressive increase in the government's ability to detain persons without trial has occurred steadily in recent years, at the same time foreign investment was allegedly creating increased pressure for advancement of "Blacks," "Coloreds" and "Asians." By the early 1960's, the practice of "banning" was common. A "ban" is an order by the Minister of Justice restricting a person to a circumscribed area, or from meeting with more than one person at a time. A "banned" person's name cannot appear in print, nor can his/her writings be published. No court process is required prior to a banning order. Over the years additional security laws have been passed, culminating in the Internal Security Act of 1976, as amended. That Act allows the government, without judicial review before or after government action, to 1) detain anyone without trial for any length of time, 2) close down any publication, or 3) conduct random police searches. Furthermore, it made it illegal to aid any campaign that seeks to modify or repeal any law.<sup>6</sup>

## 3. Military buildup

A militarized society is being created in South Africa. Young white males must serve 2 years of mandatory military service, plus periodic callbacks to active duty totaling up to another 2 years. Defense expenditures were \$1.26 billion in fiscal year 1976-76, \$2.15 billion in fiscal 1977-78, \$2.47 billion in fiscal 1980-81, \$2.45 billion in fiscal 1982-83, and \$2.83 billion in fiscal 1983-84.<sup>7</sup>

South African troops have been occupying Namibia and periodically invading Angola, Lesotho, Zimbabwe and Mozambique. South Africa has financed military groups operating within, and opposing the government of, Angola, Zimbabwe, and Mozambique. Such activities led the United Nations to call *apartheid* a "grave threat to international peace," which is cause for economic sanctions according to United Nations acts.

In April 1984 South Africa and Mozambique announced each would cease harboring or aiding paramilitary groups seeking the overthrow of the other government. This announcement has been interpreted by the mainline press in the United States as a policy concession offered by the South African government, and as evidence of the ability of South Africa to change. There are in fact solid reasons for each government to have agreed to this policy, but the mainline press' reasons are speculations about the state of mind of South African leaders. Mozambique, due to years of ruinous weather problems and the sabotage of transportation and storage facilities by South African-funded militias, is under economic pressure. In many areas of Mozambique there are thousands of people facing starvation. In South Africa, the

military wing of the liberation movements has sabotaged transportation, storage facilities and energy facilities. Both governments were thus understandably interested in ending the subversion within their borders to the extent possible. Leaders of Mozambique say that the liberation movements inside South Africa are less opposed than expected to the agreement, because they have strength inside the country already. The realities facing each of these forces as stated here are more convincing explanations of the pact than the suggestion that the South African leaders freely offered concessions.

## 4. Organizations building the Black resistance movement

The African National Congress (A.N.C.) is the oldest liberation movement in South Africa. Founded in 1912 on the model of Gandhi's Natal Indian Congress, the A.N.C. embodied public protests in massive campaigns through decades. It was outlawed in 1960 after the March 21 Sharpeville massacre sparked heavy rioting nationwide. However, during the first 50 years of its existence the A.N.C. was committed to nonviolence and the documents it engendered, such as the 1955 Freedom Charter, still are widely known and influential in building support for a nonviolent, nonracial future for South Africa.

The Pan-African Congress (PAC), founded in 1959, and the Black Consciousness organizations founded in the 1970's embody a separatist philosophy. Robert Sobukwe and others in the PAC argued that Blacks must assume the burden of liberating themselves with little dependence on white allies, who face milder fates during resistance campaigns. Sobukwe led the marchers in suburban Johannesburg at Sharpeville who were inviting arrest for not having passbooks, when police opened fire killing over 50 people. Sobukwe; Nelson Mandela, head of the African National Congress; and others from the two groups were sentenced in the early 1960's to life in prison after political trials.

The philosopher and Black student leader Steven Biko in 1968-77 sparked a deepening commitment to Black community organizing and Black student organizing through his Black Consciousness writings and speaking. Biko's death on September 12, 1977 after torture, sparked intense nationwide disturbances that led to the closing of two newspapers, the Christian Institute, and the banning of most of the Black Consciousness organizations on October 19, 1977. The Azanian Peoples Organization and other Black Consciousness groups continue to build aboveground political movements, however.

The banning of the majority of these groups created strategy problems for the remaining public organizations, however. During the 1970's the Black trade union movement spread more successfully than organizations in other sectors of the population.

In 1983 the United Democratic Front was formed as a loose coalition of some labor, community and political

organizations. Over 10,000 people attended the August 20, 1983 launching of the front and approved a declaration of basic principles. Over 400 groups gathered at the event, the largest public meeting since the Congress of the People adopted the Freedom Charter in 1955. The 1983 declaration said

...we stand for the creation of a true democracy in which all South Africans will participate in the government of our country; we stand for a single non-racial unfragmented South Africa, a South Africa free of bantustans and Group Areas; we say, all forms of oppression and exploitation must end.

The South African Allied Workers Union, the Council of Unions of South Africa affiliated with the United Democratic Front, but not the Federation of South African Trade Unions, which saw itself as an organizing structure that had no natural structural connections with the umbrella-style, loose nature of the UDF. Regardless of such organizational problems, the UDF manifests the total rejection of the government's racial policies and the strength of many different constituencies now challenging government policies in their own areas.

## B. Overview of Industrial Employment In South Africa

Employment figures for Africans conceal some basic truths. What they reveal, depending on the source, is that of an employable pool of 8 million Africans, 1 to 2 million (13% to 25%) are unemployed.

What they conceal is that having a job, in the vast majority of cases gives none of the usual assurances that we associate with work. For half the African workforce, the right to bring one's family to live where the worker lives does not exist. Having a job does not bring the right to strike except in circumstances so rare that few legal strikes occur. Having a job does not, for the vast majority of workers, bring any old-age benefits except a tiny government stipend. Having a job does not guarantee any unionizing rights, any right to remain employed while protesting job safety hazards, or any right to remain employed while protesting job discrimination. Hence one can say that unemployment in the *social* sense, that is, unemployment as an indicator of the extent of exclusion from earning a real livelihood, entraps virtually *all* black South Africans.

The structure of the workforce adds powerful downward pressure on wages as well.

### Estimated Employment of African Labor by Occupation, 1981\*

Agricultural workers	3,024,000
Domestic workers	1,000,000
Laborers	1,229,550
Production workers	1,278,000
Service workers	351,300
Transport workers	256,449
Clerical/sales	179,163
Professionals	158,085
Artisans/apprentices	35,130
Foremen/Supervisors	21,078
Administrators/Managers	3,513

The jobs available to Africans, as shown in the table, are overwhelmingly unskilled and easily-turned-over. The difficulty of striking—the only immediate weapon of organized workers—is vastly magnified in agricultural and domestic work, two of the largest job categories. Corporations headquartered in Illinois employ less than 11,000 South Africans, so their economic impact could never significantly add to the economic strength of the African workforce.

## C. Black Trade Unions In South Africa

Unionization takes place (or fails to) under vastly different conditions for the South African black worker than for the worker in other countries. As General Workers Union general secretary David Lewis said regarding the black South African worker,

Every minute of a worker's time is controlled. He's told when and where and how he'll work; when and how and where he'll sleep; he has no control over whether he is employed one day and unemployed the next. All workers have, in a sense, is their unity. This is why workers so naturally tend to take and implement decisions en masse. . . . We've never in those ten years (of existence as a union) found a need to set up a single subcommittee.<sup>9</sup>

Black trade unionism has a long history. It began in the 1920's though was soon repressed; it resumed, culminating in the formation of the South African Congress of Trade Unions (SACTU) in the 1950's. Relative quiet prevailed following the banning of SACTU, until 1972. In 1973-74, and from 1979 on, black union strikes and unionization significantly challenged business-as-usual for the South African economy. It also challenged firings, political harassment, and arrests of union leaders, with some significant successes. In an effort to contain the growth and militancy of black trade unions, the South African government has responded harshly to unionists who raise political issues, while also forcing time-consuming reporting requirements on union offices. Between April 1981 and April 1982, 347 members of independent trade unions were detained without trial.<sup>10</sup>

The harshest responses have been toward the General Workers Union and the South African Allied Workers' Union (SAAWU) which have recruited large followings in the townships outside Port Elizabeth, Durban and East London, and the Ciskei. These areas constitute the automotive and machine tool heartland of the country. For SAAWU and its officials alone,

By September 1983 there were 3 trials in progress in which union organizers were facing charges of furthering the aims of a banned organization, in relation to trade union activities. . . . (In the Ciskei and Port Elizabeth) two SAAWU officials have been detained 7 times. SAAWU has been seen as a threat by the (Ciskei) bantustan because of the bantustan's dependence upon labor as a source of income.<sup>11</sup>

Thozamile Gqweta and Sam Kikine, SAAWU officials, have been severely tortured, as have other union officials. Others have died in mysterious car crashes, or in detention. The SAAWU union has been banned in the Ciskei.

Leaders of these unions are gaining U.S. support in their efforts. Under the leadership of the lobbying organization Transafrica, black Congressional leaders initiated a civil disobedience campaign at South African embassies and consulates. The immediate goal of the sit-ins is ending arbitrary arrests of black leaders, particularly unionists. According to Transafrica, participants are refusing to leave until strike leaders imprisoned without charge or trial in South Africa are released. Should this not be forthcoming, black leadership from across the country will be called to participate in daily demonstrations at the South African Embassy.

AFL-CIO union officials joined in the demonstrations, and called for the release of FOSATU president Chris Dlamini and other labor and community leaders. As the AFL-CIO News (December 1) said,

Unless (they are released). . . the United States should invoke stiff economic sanctions and sever all social and diplomatic ties with that nation, AFL-CIO President Lane Kirkland declared.

In Chicago, Rep. Gus Savage and other black leaders were arrested as weekly picketing of the South African consulate was initiated. Many peace, religious and community leaders have been participating in these protests.

This movement strengthened South Africa's independent black trade unions, many of whose leaders have been repeatedly arrested by the South African government.

The bureaucratic response to black unionization was the creation of the National Manpower Commission in 1978, together with making black trade unions eligible to register with the government. Registration meant that their contracts would be enforceable, but registration is allowed only if a union avoids all remotely political issues, and submits union membership records and bank records to the government. These requirements drain organizers' time, and also make it easier for the government to seize union funds or union members during strikes.

Twelve major predominantly black trade unions formed the Federation of South African Trade Unions (FOSATU) in the late 1970's, for mutual support. Among the FOSATU unions are:

MAWU	(Metal and Allied Workers' Union)
CWIU	(Chemical Workers Industrial Union)
NUTW	(National Union of Textile Workers)
T&GWU	(Transport and General Workers' Union)
E&AWU	(Engineering and Allied Workers' Union)
SF&AWU	(Sweet, Food and Allied Workers' Union)
PW&AWU	(Paper, Wood and Allied Workers' Union)
NAAWU	(National Auto & Allied Workers' Union)

There are other important predominantly black trade unions not in federations, including:

AFCWU	(African Food & Canning Workers' Union)
GAWU	(General and Allied Workers' Union)
SAAWU	(South African Allied Workers' Union)
BMWU	(Black Municipal Workers' Union)
MACWU	(Motor Assembly and Component Workers' Union)
GWU	(General Workers' Union)
GWUSA	(General Workers Union of South Africa)

Another trade union federation is the Council of Unions of South Africa (CUSA), two of whose member unions are the South African Chemical Workers Union (SACWU) and the Laundry, Cleaning and Dyeing Workers' Union (LC&DWU). These two unions were granted registration on November 11, 1980, the first two black trade unions registered. This event showed that the South African government was operating carefully vis-a-vis the rising strength of the black trade unions, but was in no hurry to grant registration to the more progressive sectors of the trade union movement.

There is another federation, the Trade Union Council of South Africa (TUCSA), whose head, Lucy Mvubelo, is often quoted by the South African government. Its members are black unions but they are company unions under the control of conservative white unions whose members work in the same facilities. The TUCSA has adopted positions highly useful to the South African government, including one calling on the government to ban unregistered unions, and rejecting another resolution that would have called for workers to be allowed to join the union of their choice. The latter is important since by quick recognition of a company union, a firm can prevent independent trade unions from calling for a representation vote. After TUCSA took these positions (in 1983), three member unions left TUCSA.

Black trade unions are confronted with—and the independent unions have rejected—the “industrial council” system prevalent in most South African industries. The “industrial council” makes wage determinations on an industrywide basis and has several representatives from the industry (different companies) and from the labor force (white, coloured or African unions and/or unions representing different types of workers in the industry). The certainty of government intervention in the event of a strike against a whole industry means that through participation in the system, a union loses its only real strength. For this reason, independent black trade unions have refused to participate in the industrial councils in their industries.

## D. South African Opposition Leaders' Views on Corporate Withdrawal

In South Africa it is a crime to call on foreign firms to withdraw from South Africa.

Nevertheless, prominent black South African opposition leaders have for many years spoken out against foreign investment in South Africa. Albert Luthuli, winner of the Nobel Peace Prize for his work for years with the African National Congress, said,

In the name of what I have come to believe Britain and America stand for, I appeal to those two powerful countries to take decisive action for sanctions that would precipitate the end of the hateful system of apartheid.

The General Student Conference of the South African Students Association (SASO) in 1971 said as part of a resolution on foreign investment in South Africa that such investment

(ix) gives South Africa an economic stability that enables her to gain diplomatic and economic acceptance on the international scene.

Tozamile Botha, leader of the 1979 strike at the Ford plant in Port Elizabeth, said in a newspaper interview in Johannesburg that

I firmly believe that if disinvestment could start it could bring a hastened end to apartheid. Perhaps an exodus of American companies from South Africa could bring about change.<sup>12</sup>

Other prominent leaders opposing investment include the leadership of the Christian Institute of South Africa (banned in 1977) and Steve Biko, the former president of SASO, who was murdered in a South African jail.

Anglican Bishop Desmond Tutu, recently awarded the Nobel Prize, said,

Foreign companies in South Africa should stop kidding themselves by saying they are there for our benefit. That's baloney. Whether they like it or not, they are buttressing an evil system.<sup>13</sup>

He also said, in an address to the UN Special Committee Against Apartheid on March 23, 1981,

... And the purpose of my own trip at the present time has been to see church leaders, government leaders and others who have influence to urge them to recognize that we are approaching a very serious crisis in our country, to urge them, therefore, ... for the sake of world peace, that they take action, that they exert pressure on South Africa—political pressure, diplomatic pressure, and above all, economic pressure—but really take action that will persuade the South African authorities to come to the conference table before it is too late.<sup>14</sup>



On February 3, 1985, Bishop Tutu was installed as Anglican bishop of Johannesburg. At that time he said he would call for economic sanctions against South Africa if apartheid "is not being dismantled" through the following actions:

- An end to the migrant labor system under which black workers are barred from living with their families;
- Recognition of more black labor unions;
- An end to forced removals of black communities;
- Recognition of the South African citizenship of blacks;
- An end to the policy of assigning blacks citizenship in one of the so-called homelands;
- Funding by corporations of black education.<sup>15</sup>

## E. The Extent of U.S. Economic Involvement in South Africa

South Africa's resources, its heavily repressed cheap labor force, and its willingness to allow repatriation of earnings have caused it to yield a high return on investment by foreign firms. Following the "invisible hand" of marketplace incentives many foreign firms have invested in South Africa. The scale of their investments taken together is great, making these corporations beneficiaries of South African racial segregation in cold dollar terms. The responsibility of these firms is highlighted by the following observations.

1. *The U.S. is the largest source of foreign loans and investment in South Africa.*

In fact, a recent State Department cable<sup>14</sup> called the U.S. presence there "probably much more significant than the 20% of foreign investment in South Africa that we generally quote." That cable estimated for mid-1982 that U.S.-based investment in South Africa was over \$14 billion, while all foreign investments in South Africa were estimated to total only \$33.9 billion a year and a half earlier.

2. *Even the most easily restricted types of investment in South Africa are sizable.*

Loans by U.S. banks to South Africa were estimated to be about \$3.65 billion in mid-1982 and essentially the same, \$3.7 billion, at yearend.<sup>16</sup> Direct investment by U.S. firms in their South African subsidiaries were estimated to total \$2.6 billion at mid-1982. Another easily-restricted market is South African gold coins (called Krugerrands):

The leading (export to U.S.) item was "metal coins (read Krugerrands), although shipments fell from \$381.8 million to \$363.6 million (1981 versus 1982).<sup>17</sup>

3. *U.S. financial involvement in South Africa has been rising in the loan sphere.*

The Federal Reserve Bank said total U.S. bank loans to South Africa jumped from \$1.8 billion at mid-1981 to \$3.685 billion at yearend 1982 — a doubling in only 18 months. International Harvester, Ford, Deere, Maremont and other companies have been investing millions of dollars in additional equipment in the two years preceding April 1983.<sup>18 19</sup>

Additionally,

"The value of U.S. investments in South Africa rose 13.3% in 1981, to \$2.63 billion, according to the U.S. Department of Commerce. Most of the increase consisted of higher retained earnings in subsidiaries, but about \$51 million was accounted for by infusions of money from abroad."<sup>20</sup>

4. *Large firms account for a disproportionate share of foreign investment in South Africa.*

Of the \$2.6 billion in direct investment, over half is by eight firms (Mobil, Standard Oil California and Texaco, Ford, GM, Kennecott, Newmont Mining, and Phelps Dodge).<sup>21</sup>

Of the \$3.6 billion in U.S. Loans, 65% were from the 9 largest U.S. banks and 18% were from the next 15 largest banks.<sup>22</sup>

5. *U.S. investment is concentrated in key industries in South Africa.*

"By mid-1980, U.S. data-processing corporations controlled 75% of the petroleum market and 42% of the refining capacity of South Africa.<sup>24</sup> (Their market share has undoubtedly lessened with the advent of the government-financed coal-to-oil complex, SASOL I, II and III.)

South African government owned SASOL Corporation plans a \$6 billion coal-to-oil conversion plant. U.S.-based Fluor Corporation has a \$4.2 billion contract to oversee the expansion.<sup>25</sup>

U.S. sources own over 25% of the publicly quoted mining sector stocks, excluding coal, traded on the Johannesburg Stock Exchange.<sup>26</sup>

The five largest dollar volume imports from the U.S. in 1982 were:<sup>27</sup>

aircraft	(\$162 million)
mechanical shovels	(\$143 million)
computers	(\$104 million)
aircraft parts	(\$66 million)
chassis parts	(\$50 million) <sup>28</sup>

## F. The Extent of Illinois Corporations' Involvement in South Africa

Twenty-five Illinois corporations have identifiable operations in South Africa. Of these, some were unwilling to provide sales, assets or workforce data and the data was unavailable from other sources. For the other twenty, estimates of sales and assets can be reasonably made. These are collected in the tables of the appendix.

Taken together the South Africa affiliates of the 25 Illinois-based firms are significant to the economy there. They represent over \$210 million in fixed investment, or about 8% of the State Department's \$2.6 billion estimate for all U.S. firms' fixed direct investment there.<sup>29</sup> The Illinois firms employ over 10,000 of the 130,000 employed by U.S. firms at affiliates there.<sup>29</sup>

The role there of Illinois firms demonstrates how U.S. firms are involved in industries vital to South Africa's strategic and economic survival. Here is a rough categorization of the Illinois firms' operations in South Africa:

1. Farm and earthmoving equipment
2. Medical supplies
3. Industrial and mining operations
4. Sales and distribution offices
5. Financial and contracting firms

The Illinois firms' roles in each of these areas will now be summarized.

### 1. Farm and earthmoving equipment

Illinois firms actually dominate the foreign-made farm and earthmoving equipment industry in South Africa. Caterpillar, Deere and International Harvester all have large South Africa operations. Deere makes farm tractors and implements and International Harvester makes agricultural equipment and trucks. Both firms have invested several million dollars in their South Africa operations since 1980. Caterpillar's \$183 million in 1981 sales there was 2% of its total as well as being a sizable presence in the South African earthmoving equipment market.

These firms supply an economically important South African industry. The South African government promotes agricultural exports because these exports are important to the country's balance of payments. In 1980, for instance, South African agricultural exports totaled \$2 billion, a sixth of all non-gold exports.

### 2. Medical suppliers

Abbott Laboratories, American Hospital Supply Corporation, Baxter Travenol Laboratories and G.D. Searle all operate in South Africa. American Hospital Supply Corporation has only sales and distribution

activities there, while Abbott and Searle have small manufacturing operations there and Baxter has a large one (900 employees). South Africa's hospitals for blacks are inferior to those of whites, and the medical doctors are overwhelmingly white, situations that raise many ethical questions regarding medical suppliers' operations there. This study did not address the questions of which firms supply which hospitals, but that is a key question.

### **3. Industrial and mining firms**

The critical nature of corporate involvement in this area is embodied in the South Africa operations of International Minerals and Chemicals, which mines chrome ore. Chrome ore is symbolic since it was the Rhodesian chrome boycott, observed by the United States, that was a visible symbol of U.S. economic pressure against southern African racism. Chrome ore mining is not just symbolic, it is one of the top ten export items from South Africa.

Many other Illinois firms operate in the industrial area. Borg-Warner and the affiliate of Maremont make auto parts, FMC makes food processing equipment, and Nalco makes water treatment chemicals. All three supply a variety of other South African factories. Beatrice subsidiary Playtex makes clothes. US Gypsum's Masonite division makes hardboard there, through forestry and manufacturing operations that employ more South Africans than any other Illinois firm. Motorola makes communications equipment including two-way radios. It has made at least one sale to a South African police agency since 1982.

These firms had over \$100 million in combined annual sales in South Africa in 1981. This adds an economic dimension to their important role in South Africa, in addition to their role in key sectors of basic industries.

### **4. Sales and distribution offices**

Bell and Howell distributes optical equipment. Dart & Kraft distributes Duracell batteries and Tupperware (the latter is also manufactured there) through South African subsidiaries.

Do-All Saws and Illinois Tool Works sell tools; A.J. Gerrard sells steel strapping machines; and Dukane sells communications equipment.

### **5. Financial industries and a contractor**

Arthur Andersen's worldwide organization has South African-owned affiliates in Cape Town, Durban and Johannesburg. Nielsen does market research; GATX leases and finances transportation equipment. These capital-intensive firms employ disproportionately skilled workforces, hence their workforces tend

to be overwhelmingly white. Their functions help the South African economy to run more efficiently and help connect it to overseas exporters and importers.

CBI, parent of Chicago Bridge and Iron Company, owns CBI Constructors, a contractor in the SASOL project. SASOL is the South African government's coal-to-oil conversion complex, a key to South African government survival as the Arab boycott of oil sales to South Africa took effect. When SASOL II was completed, South Africa was predicted to be able to meet 50% of its liquid fuel needs by coal. CBI, as a subcontractor for several million dollars' worth of construction there, participates in the project. Since South Africa has no oil reserves, firms working on SASOL are making what amounts to the lifeblood of the system.

Another service-related operation is the Carleton, among South Africa's most prestigious hotels. UAL (parent of United Airlines) owns the Westin hotel chain which manages and has an 11% interest in the Carleton. This downtown Johannesburg hotel's large African workforce, its high visibility and its ostentatious "non-segregated" hotel facilities (from \$88 nightly up) contribute public relations advantages to apartheid.

Heller Financial Inc. owns 10% of a finance-related firm in Johannesburg. Hayes/Hill owns half of a management consulting firm there.

Taken together, then, the Illinois firms' role in South Africa is significant. To the Illinois firms themselves a prudent disposal of their assets in South Africa would be possible without undue dislocation (their assets there typically account for 2% or less of total worldwide assets). By continuing their operations in South Africa these firms make distinctive contributions to the white government's stability and economic base. These contributions will be examined more in Part II.

# **TABLE: ILLINOIS FIRMS CATEGORIZED BY TYPE OF PRODUCT**

## **1. Farm and earthmoving equipment**

Caterpillar Tractor Co.  
Deere & Co.  
International Harvester

## **2. Medical suppliers**

Abbott Laboratories  
American Hospital Supply Co.  
Baxter Travenol Laboratories  
G.D. Searle

## **3. Industrial and mining firms**

A.M. International  
Beatrice  
Borg-Warner  
FMC Corporation  
International Minerals & Chemicals  
Maremont  
Motorola  
Nalco  
U.S. Gypsum

## **4. Sales offices**

Bell & Howell  
Dart & Kraft  
Do-All Co.  
Dukane Corporation  
Garrard, A.J., & Co.  
Illinois Tool Works Inc.  
Square D

## **5. Financial, service, and contracting firms**

Arthur Andersen & Co.  
CBI Industries  
GATX  
Hayes/Hill Inc.  
Nielsen/Dun & Bradstreet  
UAL/The Carleton Hotel  
Walter E. Heller Overseas

# ***PART II:***

## ***Illinois Corporations' Operations In South Africa***

### **ABBOTT LABORATORIES**

14th Street and Sheridan Road  
North Chicago, IL 60064

**Name:** Abbott Laboratories South Africa and Abbott Hospital Products South Africa

**Product:** Abbott manufactures medical-related products

**Location:** Johannesburg.

**Workforce:** About 140 people.

**Composition:** "Approximately 42% are African, 3% are Asian, and 55% are white."<sup>1</sup>

#### **Company policy in South Africa:**

Philanthropy—scholarships, clinical study grants, hospital support and speakers.<sup>2</sup>

#### **Significance factors:**

"Our sales in South Africa constitute less than 1/2% of our consolidated sales, and the percentage of our assets invested in that country is even smaller."<sup>3</sup>

A year later Abbott officials said

"There have been no significant changes in those operations."<sup>4</sup>

If the 1/2% ceiling is still in effect and if 1983 sales and assets figures are used, Abbott's sales and assets in South Africa can be estimated as follows.

Sales: \$14.6 million or less

Assets: \$14.1 million or less

Sullivan signatory—Yes.

### **A.M. INTERNATIONAL**

International Operations  
1834 Walden Office Square  
Schaumburg, IL 60196

**Name:** AM International South Africa

**Product:** Addressograph/multigraph (business equipment) is in the name. They make supplies at their South Africa plant (for the addressing and other equipment) but not the equipment itself.

**Location:** Randburg, suburban area of Johannesburg. AM International leases its space, a 71,300 square foot facility.<sup>1</sup>

**Workforce:** 370<sup>2</sup>

**Composition:** Its disclosure to IRRC, when the company had a larger workforce, was<sup>3</sup>

White	68%	264
Colored/ Asian	13%	58
African	23%	<u>98</u>
		419

Sullivan signatory—No.

#### **Footnotes**

<sup>1</sup>AM International Form 10-K for year ending July 31, 1983.

<sup>2</sup>List of U.S. Firms and Subsidiaries for South Africa, Commerce Department, Nov. 1982.

<sup>3</sup>Directory of U.S. Corporations in South Africa, IRRC, May 1982.

<sup>1</sup>Abbott letter to CALC, December 8, 1983.

<sup>2</sup>Ibid.

<sup>3</sup>December 8, 1983 letter to CALC.

<sup>4</sup>December 10, 1984 letter to CALC.

## **AMERICAN HOSPITAL SUPPLY CORPORATION**

1 American Plaza  
Evanston, IL 60201

**Name:** A.H.S.C. South Africa

**Product:** "Science and medical specialties distribution business headquartered in Johannesburg"<sup>1</sup>

**Location:** Johannesburg

**Workforce:** 16<sup>2</sup>

**Composition:** 4 Africans, 3 Asians and coloreds, 9 whites<sup>3</sup>

**Company policy in South Africa:** Special relationship to government—none is known to exist.

**Expansion—**"We are not planning expansion of facilities in South Africa."<sup>4</sup>

**Unions—**"No trade union groups have asked for recognition. . . Because of the small number of employees involved, there is no collective bargaining process."<sup>5</sup>

There are informal management/labor discussions, however.

"Of the 7 nonwhites, 1 is operations manager, 2 are customer service representatives, 1 is a computer operator. . . We support 3 scholarships at PACE college."<sup>6</sup>

### **Significance factors:**

Sales: \$3.3 million<sup>7</sup>

Assets: \$1.3 million<sup>8</sup>

AHSC is the 17th highest of 19 Illinois firms ranked by South Africa sales.

Sullivan signatory—Yes.

AHSC will merge with Hospital Corporation of America by conversion of shares in each into shares in the as-yet unnamed holding company, to be based in Nashville. However, AHSC and HCA will each continue to operate as separate business units.

### **Footnotes**

<sup>1</sup>Letter to CALC from AHSC, Feb. 2, 1983.

<sup>2</sup>*Foreign Investment in South Africa*, Research Center, 1985.

<sup>3</sup>*Ibid.*

<sup>4</sup>Letter to CALC from AHSC, Feb. 2, 1983.

<sup>5</sup>*Foreign Investment in South Africa*, op. cit.

<sup>6</sup>Letter to CALC, Jan. 18, 1985.

<sup>7</sup>*Foreign Investment in South Africa*, Investor Responsibility Research Center, 1984.

<sup>8</sup>*Ibid.*

## **ARTHUR ANDERSEN & CO.**

69 W. Washington St.  
Chicago, IL 60202

Attention: Managing Partner for Finance & Administration

**Name:** Arthur Andersen & Company

**Product:** Accountants and auditors

**Location:** Johannesburg, Cape Town, Durban<sup>1</sup>

**Composition:** "Members of all principal racial groups are employed in each of the professional practice divisions" at the South Africa affiliates.<sup>2</sup>

**Ownership:** Arthur Andersen and Company's South African member firms are owned by the partners thereof who are resident in South Africa and, for the most part, are citizens of South Africa. These entities are not owned by any other member firm or the partners thereof.<sup>3</sup>

**Company policy in South Africa:** No known special relationship to the government, no disclosed policy regarding expansion.

Other data—the firm has "supported efforts. . . to facilitate the entrance of blacks and other non-whites into the accounting profession in South Africa."<sup>4</sup>

Ownership is on a partnership basis for professional employees. Andersen has a worldwide nondiscrimination policy.

### **Significance factors:**

Sullivan signatory—No.

### **Footnotes**

<sup>1</sup>Letter to CALC, Feb. 9, 1983.

<sup>2</sup>Letter to CALC, April 2, 1984.

<sup>3</sup>*Ibid.*

<sup>4</sup>Letter to CALC, Feb. 9, 1983.

## BAXTER TRAVENOL LABORATORIES

1 Baxter Parkway  
Deerfield, IL 60015

**Name:** "Sabax Proprietary Limited is a wholly owned subsidiary of Keagrams Limited,"<sup>1</sup> in which Baxter Travenol has a 40% interest.<sup>2</sup>

**Product:** Intravenous solutions and health care products

**Location:** Office and plant at Aerotron, near Johannesburg. "Sabax has branch depot and warehouse/distribution facilities in Cape Town, Durban, Port Elizabeth, Bloemfontein, and Windhoek."<sup>3</sup>

**Workforce:** 886

**Composition:** 479 Africans, 226 Asians and coloreds, 181 whites<sup>4</sup>

**Company policy in South Africa:** Expansion—"We have no policy on this."<sup>5</sup>

Special relationship to the government—None known.

Unions—The union representing Blacks at Keagrams has so far cooperated with the industrial council system, a system of industrywide bargaining that in effect dilutes the impact of unionization.

"Keagrams and Sabax participate in industrywide negotiations with a number of trade unions representing workers of all races. In South Africa such an industry-based labour relations structure is referred to as an "Industrial Council." The parties to our industrial council are as follows: (1) representing employers, the Transvaal Chemical Manufacturing Association (of which we are an obligatory member), (2) representing workers, the South African Chemical Workers Union (union for Blacks only, by its own choice), and the Chemical Workers Union (union for whites and non-whites). As such we recognize all unions, but currently deal with them on an industry association basis."<sup>6</sup>

None of the unions have approached the management of Keagrams for direct recognition. . . although they have complete freedom to do so."<sup>7</sup>

The South African Chemical Workers union has been registered by the South African government, one of the first Black unions to be allowed to register.

**Significance factors:** Sales—under \$12 million.<sup>8</sup>

Assets—under \$14 million.<sup>9</sup>

Sullivan signatory—No.

### Footnotes

<sup>1</sup>Letter to CALC, June 7, 1983.

<sup>2</sup>IRRC Directory of U.S. Corporations in South Africa, May 1982.

<sup>3</sup>Letter to CALC, June 7, 1983.

<sup>4</sup>Foreign Investment in South Africa, Investor Responsibility Research Center, 1985.

<sup>5</sup>Letter to CALC, June 7, 1983.

<sup>6</sup>and

<sup>7</sup>Ibid.

<sup>8</sup>IRRC Directory.

## BEATRICE COMPANIES, INC.

2 N. LaSalle  
Chicago, IL 60002

**Name of Subsidiary:** Playtex (Africa) (Pty.) Ltd. and STP Corp. South Africa (Pty.) Ltd.<sup>1</sup> Beatrice announced it will sell STP to Union Carbide in mid-1985.

**Products:** Clothing and automotive products.

**Location:** Durban and Johannesburg, respectively.

**Workforce:** 255 at Playtex in Durban;<sup>2</sup> no data for STP.

**Expansion:** "International Playtex, Inc. has just acquired a 100% interest in Playtex Africa (Pty.) (Ltd.). Previously they held a 50% interest and therefore, as a result of this joint venture, policy and direction on all local matters had been determined by the local management."<sup>3</sup>

Unions—"At this time, International Playtex Incorporated (IPI) is in the process of reviewing the question of a unique labor practices policy for the employees of Playtex Africa. . ."<sup>4</sup>

**Significance factors:** International Playtex was listed as having invested 2.1 million rand (\$2.5 million) for "acquisition of minority interest in its South African operation."<sup>5</sup> If the interest was exactly 50% as above said, the assets were worth \$5 million. This figure is conservative since it discounts three years of inflation in the value of Playtex Africa.

Sales—\$7.5 million<sup>6</sup>

Assets—\$5 million (see comment above)

Sales and assets figures do not include STP sales and assets.

**Significance factors:** Beatrice ranks in the middle of Illinois firms in sales, and would rank higher if the sales figures for STP South Africa were known.

Sullivan signatory—No.

**Evaluation:** Beatrice has just acquired Esmark, which owns Playtex. Esmark should be pressed since they have had three years of total ownership in which to evaluate labor union policy and practices. The Esmark products are all highly visible making a boycott feasible.

### Footnotes

<sup>1</sup>Foreign Investment in South Africa, Investor Responsibility Research Center, 1985.

<sup>2</sup>Ibid.

<sup>3</sup>Letter from Esmark to CALC, April 13, 1983.

<sup>4</sup>Ibid.

<sup>5</sup>"South Africa's Foot-Dragging Vexes U.S. Companies," Business Week, October 20, 1980, page 58.

<sup>6</sup>I.R.R.C. Directory, May 1982.

**BELL & HOWELL**

7100 McCormick Road  
Chicago, IL 60645

**Name:** Bell & Howell South Africa

**Product:** Sales offices for its electronic instruments and microfilm products.

**Location:** Headquartered in Johannesburg suburb

**Workforce:** 122<sup>1</sup>

**Composition:** 16 Africans, 27 Asians and coloreds, 79 whites<sup>2</sup>

**Company policy in South Africa:**

Unions—No workers there are represented by unions (conversation).

Bell & Howell in response to detailed questionnaire sent the following letter (complete text):

"Regarding Bell & Howell's activities in South Africa, our company policies are similar to those of the Rev. Leon Sullivan. We do not break out sales statistics other than by business segment. For your information, however, our sales in South Africa represent a very small portion of our overall total."<sup>3</sup>

**Significance factors:** Sales—Under \$7.5 million.<sup>4</sup>

Bell & Howell ranks 12th highest of 17 Illinois firms ranked by South Africa sales.

Sullivan signatory—No.

**Footnotes:**

<sup>1</sup>*Foreign Investment in South Africa*, Investor Responsibility Research Center, 1985.

<sup>2</sup>*Ibid.*

<sup>3</sup>Letter to CALC, December 13, 1983.

<sup>4</sup>*IRRC Directory of U.S. Corporations in South Africa*, May 1982.



**BORG-WARNER**

200 S. Michigan  
Chicago, IL 60604

**Name:** Borg-Warner South Africa

**Product:** Makes auto and truck axles and other parts

**Location:** Uitenhage. Also has "Parts and service divisions in all major cities"<sup>1</sup>

**Workforce:** 800<sup>1</sup>

**Workforce composition:** Another survey when workforce was only 550 gave this breakdown:<sup>2</sup>

Blacks	215	(39%)
Colored & Asian	122	(22%)
Whites	213	(39%)
TOTAL	550	

**Company policy in South Africa:** Relationship to government: "Borg-Warner has made no sales to the South African military or police since January 1, 1982, and no such sales are in prospect. The products manufactured by Borg-Warner are not designed specifically for police or military applications, but it is impossible for the corporation to identify the actual end users of our products."<sup>3</sup>

**Expansion:** In 1979 church shareholders withdrew a no-expansion resolution to Borg-Warner's annual meeting after the company announced a policy of no expansion in South Africa.

"On November 8, 1979, however, the company's chairman, James F. Bere, disclosed that expansion was under consideration, although with funds generated outside the United States."<sup>4</sup>

The scale of the expansion was to be "several million dollars" during 1980-85.<sup>5</sup>

An indication of its expansions is the following excerpt from a company ad:<sup>6</sup>

Question: What has Borg-Warner to do with Trucking in South Africa?

Answer: x1. Manufacture of light rear driving axles for LDV's... such as Ford Cortina, Isuzu, Toyota Hi-Ace and Hi-Lux, Datsun E-20 and 720, Mazda and Mitsubishi. . .

x2. Envisaged manufacture in the near future of medium rear and front driving axles for various commercial applications up to 6000 kilograms (6½ ton trucks). . .

Unions—Borg-Warner letter to CALC states that "we were requested to recognize an all-black trade union in 1981 and successfully completed a labor agreement with this union in 1982. This union is represented by the shop steward's committee."<sup>7</sup>

That recognition was the result of a long process. The union was the United Auto Workers, now merged into the National Auto and Allied Workers' Union, (NAAWU). NAAWU is a strong Black unregistered union affiliated with the Federation of South African Trade Unions (FOSATU).

The UAW first sought recognition in 1979; in a limited form this was granted in February 1980. A walkout in June 1980, ended soon after by concessions on both sides, led to more union strength. After the company finally agreed in May 1981 to negotiate directly with the union over plant wages, an agreement was quickly reached and ratified by workers within a month. Previously the company had desired to negotiate only through the industrial council system, at least when it came to wage issues.<sup>8</sup>

**Significance factors:** Sales—\$26-\$30 million (IRRC Directory)

Assets—undisclosed. IRRC Directory says that Borg-Warner South Africa is

60% owned by Borg Warner Australia (which is 77% owned by Borg Warner U.S.)

A rough estimate by CALC is that Borg-Warner's assets in South Africa represent the same percentage of worldwide assets as sales (\$28 million roughly) in South Africa divided by worldwide sales (\$2.761 billion)<sup>9</sup> That is, assets in South Africa are 1% of worldwide assets (\$826.8 million), giving what is only a CALC estimate, but plausible, especially in view of the "several million dollars" in investment quoted above in the section on Borg-Warner policy on expansion in South Africa. That estimate is therefore:

Assets—\$8.26 million (estimate)

Sullivan signatory—Yes.

**Footnotes**

<sup>1</sup>"List of U.S. firms and affiliates for South Africa," Commerce Department, Nov. 1982.

<sup>2</sup>Directory of U.S. Corporations in South Africa, by Investor Responsibility Research Center, May 1982.

<sup>3</sup>Borg-Warner letter to CALC, April 12, 1983.

<sup>4</sup>"Church as Shareholder," Winter 1980, by World Issues Office of the United Church Board for World Ministries, 475 Riverside Dr. 16th Floor, New York, NY 10115.

<sup>5</sup>"Borg-Warner 1980 Annual Meeting" by Investor Responsibility Research Center, p. 50.

<sup>6</sup>Financial Mail, Oct. 28, 1983.

<sup>7</sup>Borg-Warner letter to CALC, April 12, 1983.

<sup>8</sup>*Black Trade Unions in South Africa*, Investor Responsibility Research Center.

<sup>9</sup>Borg-Warner 1981 Annual Report, p. 28.

## CATERPILLAR

100 N.E. Adams St.  
Peoria, IL 61629

**Name:** Caterpillar Africa Proprietary Limited

**Product:** Replacement parts for earthmoving equipment; sales offices

**Location:** Isando, near Johannesburg

**Workforce:** "Employment is 82, of which one is Asian and 47 are black Africans."<sup>1</sup>

**Company policy in South Africa:** Relationship to government: Caterpillar's general manager, a South African, was in 1983 the president of the American Chamber of Commerce in South Africa. He was among the founders of the group and says openly that it was formed to counter pressures for corporate withdrawal from the country.<sup>2</sup>

"During 1977 Caterpillar (Africa) was one of 7 companies that sponsored the formation of an American Chamber of Commerce in South Africa."<sup>3</sup>

"Caterpillar is aware of demands that U.S. companies withdraw from South Africa as a protest against governmental policies in that country. We do not believe that such withdrawal by Caterpillar. . . would serve any useful purpose. . . Based on our experiences and observations, we believe that business investments such as ours provide important benefits for black South Africans."<sup>4</sup>

Eyewitnesses including Prexy Nesbitt, former staff member of the World Council of Churches, saw Caterpillar equipment being used by government agencies in the demolition of Black homes.

Expansion—Caterpillar does not seem to have expanded significantly in recent years.

Philanthropy—Caterpillar says it gave \$113,500 to the American Chamber of Commerce's Project PACE for "financing, building and operation of a commercial high school and community center in Soweto."<sup>5</sup> Caterpillar has publicized this extensively. Yet this education takes place within the segregated school situation—and helps ease the shortage of skilled Black Labor that plagues white-controlled businesses in South Africa.

Unions—There is no union representing Blacks. There is a liaison committee, which in 1980 'was reconstituted into a multiracial committee. . . this committee meets every second month with top management.' The committee had previously been for Black employees. Caterpillar "has not been asked to recognize a non-white trade union."<sup>6</sup>

Significance factors: 1983 sales in South Africa were 1.5% of consolidated sales<sup>7</sup> and assets at the end of 1983 were \$22 million.<sup>8</sup> This yields:

Sales: \$81 million

Assets: \$22 million

Thus Caterpillar is virtually tied with International Harvester for first place among Illinois firms in sales in South Africa.

Sullivan signatory—Yes.

**Additional comments:** Caterpillar has closed several of its U.S. factories while investing abroad. Caterpillar's wholly-owned Towmotor subsidiary, for instance, which is based in Peoria, under an agreement with Daewoo Heavy Industries of South Korea,

initiates production of 10,000 lift trucks a year in South Korea, while production at Caterpillar's Mentor, Ohio plant will be completely phased out. <sup>9</sup>

A UAW spokesperson in Detroit was quoted by the same source saying

there's no question they're moving to Korea because of the wages there.<sup>10</sup>

## Footnotes

<sup>1</sup>"Caterpillar in South Africa," company statement, enclosed with letter to CALC January 1985.

<sup>2</sup>"The U.S. and us," "Financial Mail," March 18, 1983, p. 1207.

<sup>3</sup>"Caterpillar in South Africa," company statement, September 1982.

<sup>4</sup>*Ibid.*

<sup>5</sup>*Ibid.*

<sup>6</sup>*Ibid.*

<sup>7</sup>"Caterpillar South Africa," company statement, 1982.

<sup>8</sup>*Ibid.*

<sup>9</sup>"Caterpillar packs up Ohio plant and moves to another area. . .," Multinational Monitor, July 1983.

<sup>10</sup>*Ibid.*

**CBI INDUSTRIES INC.**

800 Jorie Blvd.

Oak Brook, IL 60521

**Name:** CBI Constructors S.A. (Proprietary) Ltd., a subsidiary of Chicago Bridge & Iron Company which is a subsidiary of CBI Industries.

**Product:** Contracts and oversees construction of large metal plate structures, including "components for construction of the SASOL project at Secunda."

**Location:** A "fabricating shop at Secunda"<sup>1</sup> and a sales office in Johannesburg. Secunda is not really a residential city, it's the site of the SASOL I, II (and in the future SASOL III and IV) coal-to-oil conversion plants which will cost \$6.7 billion.<sup>2</sup>

**Workforce:** Fluctuates drastically. November '82 Commerce Dept. list says 500.

**Workforce composition:** Race breakdowns not available.

"Employment in each country. . . is largely limited to construction labor. In most places, CBI finds it necessary to employ unskilled or partly-skilled persons" and train to standards;<sup>3</sup> if true in South Africa it inevitably means CBI Constructors has a significant black workforce there.

**Company Policy in South Africa:** Special relationship to government—SASOL is a South African government-owned plant, though formally run by a government-owned corporation.

Expansion—"CBI's level of operations in South Africa fluctuates from year to year."<sup>4</sup>

"Our company has no present plans for increasing its investment in South Africa. I would not characterize that as a 'policy' so much as the practical result of a decline in business activity affecting our type of work."<sup>5</sup>

**Philanthropy:** None identified.

**Unions:** Not known whether CBI Constructors (SA) has had union activity.

**Significant factors:** Sales—"The value of new contracts taken by CBI Constructors S.A. (Pty.) Ltd. in South Africa in 1982 amounted to 1.4% of all new contracts taken by Chicago Bridge & Iron Company and its subsidiaries."

"We are pleased to report that there has been no significant change in the scale or policies of the South African subsidiary. . . since (we) wrote you on the same subject November 30, 1983."

If the 1.4% proportion is applied to CBI's 1983 contracts, it yields the following estimate:

Sales: \$11.5 million

**Significance factors:** The \$11½ million contracts figure would place CBI in the middle of the Illinois firms ranked by sales—10th out of 19. Some Illinois firms were not included in this ranking due to lack of data.

Sullivan signatory—Yes.

**Additional comments:** When SASOL II was completed, South Africa was predicting it could meet 50% of its liquid fuel needs from coal,<sup>6</sup> illustrating the significance of the project. CBI is but one subcontractor there; Fluor Corporation in California, the main contractor for SASOL II and III, employed as many as 14,000 people there,<sup>7</sup> indicating the scale and significance of that project in a country with no naturally occurring oil supplies.

**Footnotes**

<sup>1</sup>Letter to CALC, April 6, 1983.

<sup>2</sup>Letter to CALC, Nov. 30, 1983.

<sup>3</sup>Dec. 17, 1984 letter to CALC.

<sup>4</sup>"America Fills South Africa's Gas Tank," Mother Jones Magazine, 6/79, p.8.

<sup>5</sup>U.S. Firms & Subsidiaries Listing (Nov. 82), Commerce Dept.

## **DART & KRAFT, INC.**

2211 Sanders Rd.  
Northbrook, IL 60062

Dart & Kraft has two subsidiaries operating in South Africa, Tupperware and Duracell.

**Name, Product, Location, Workforce:** (1) Tupperware International makes plastic containers. "Tupperware has one manufacturing plant in Brakpan, Transvaal, and an office in Cape Town."<sup>1</sup>

"75% of Tupperware employees are nonwhite,"<sup>2</sup> since Tupperware employed 160<sup>3</sup> it implies:

For Tupperware: Whites-40, Blacks-120.

(2) Duracell sells batteries. "43% of Duracell employees are nonwhite,"<sup>4</sup> and since Duracell employed 26<sup>5</sup> it implies:

For Duracell: Whites-15, Blacks-11.

Duracell has "a sales office and warehouse facility in Johannesburg."<sup>6</sup> However, the batteries are not manufactured in South Africa.

Until Dart & Kraft gives a more detailed breakdown it is difficult to say whether Africans, coloreds and Asians all are employed and in what ratio at these operations.

Employment has remained constant for a combined total of 200.<sup>7</sup>

**Company Policy in South Africa:** Expansion or withdrawal policy: "There are no present plans to either increase or reduce these present investments in South Africa."<sup>8</sup>

Philanthropic projects—None identified.

Labor policies—"Nonsegregated facilities, and equal pay scales and benefits for all employees, etc."<sup>9</sup> No knowledge regarding unions.

**Sales and assets:** The firm's two small operations in South Africa. . . in aggregate. . . accounted for 1/4% of Dart & Kraft sales and less than 1/3% of assets in 1983."<sup>10</sup>

This translates to: Sales—\$24.2 million

Assets: \$11.2 million.

**Significance factors:** The \$24.2 million figure places Dart & Kraft high—seventh—among Illinois firms ranked by sales in South Africa. Some Illinois firms were not included in this ranking due to lack of data.

Sullivan signatory—Yes

## **Footnotes**

<sup>1</sup>Letter to CALC, June 27, 1983.

<sup>2</sup>Ibid.

<sup>3</sup>"List of U.S. Firms or Affiliates Operating in South Africa," Commerce Dept. Nov. 1982.

<sup>4</sup>Letter to CALC, June 27, 1983.

<sup>5</sup>"List. . .," Commerce Department, Nov., 1982.

<sup>6</sup>Letter to CALC, June 27, 1983.

<sup>7</sup>December 6, 1984 letter to CALC.

<sup>8</sup>Letter to CALC, June 27, 1983.

<sup>9</sup>December 6, 1984 letter to CALC.

## DEERE & COMPANY

John Deere Road  
Moline, IL 61265

**Name:** John Deere (Proprietary Limited Republic of South Africa)

**Product:** Tractors and farm machinery and parts and service.

**Location:** Headquarters (Nigel in the Transvaal), "housing the administrative, accounting and marketing divisions."<sup>1</sup>

"(A) comprehensive network of 146 sales outlets and nationwide."<sup>1</sup>

"(A) parts depot in Nigel that carries more than 60,000 line items in stock."<sup>1</sup>

"The expanded John Deere factory complex at Nigel, Transvaal, now covers 23,800 square meters on a 13 hectare site"<sup>1</sup> (256,000 square foot factory on a 32-acre site). (5.6-acre factory on a 32-acre site.)

**Workforce:** 490 at 1 July 1984<sup>2</sup> (515 in mid-1983; 588 in April 1982).

<b>Composition:</b>	Africans	291
	Asians	6
	colored	7
	white	186
		490

**Company policy in South Africa:** Expansion or withdrawal policy—"...it is not possible to say with respect to South Africa. . .whether further investment will be made."<sup>3</sup>

Regarding recent expansions—"Several tractor manufacturers, such as Ford and John Deere. . .have spent millions of dollars to adapt their production line to a new, locally-made diesel engine."<sup>4</sup>

"John Deere recently embarked upon a major program of expansion. The factory complex at Nigel has been extended to include an ultra-modern tractor assembly plant, capable of producing 3,000 units per year. The new tractor assembly plant covers 5,000 square meters."<sup>5</sup>

The assembly factory and the product engineering facilities opened in 1982 cost over \$3 million.<sup>6</sup>

Philanthropic projects—"adopted" a local elementary school.<sup>7</sup>

"An expanded program of grants, loans and guarantees seeks to aid our black employees and their families with housing improvements and home ownership. This has resulted in 45% of our black employees owning their own homes as of June 30, 1984."<sup>8</sup>

While laudable these projects are simply *miniscule* in comparison with the scale of the sales by Deere SA. No concrete figures were given to indicate whether the programs' expenditures were significant or insignificant in relation to the school or the housing assistees.

Unions—"No non-white union has asked for recognition by our South African subsidiary."<sup>9</sup>

**Significance factors:** "Sales decreased from the \$84 million 1982 figure to \$43 million in fiscal year 1983. Sales recovered a bit in the fiscal year ending October 31, 1984 to \$57 million. But because sales are being made at greatly discounted prices, our pretax loss increased from \$1.5 million in 1983 to over \$2 million in 1984."<sup>10</sup>

Deere has the third highest sales in South Africa among Illinois firms.

Assets: Under \$58 million<sup>11</sup>

Sullivan signatory—Yes.

## Footnotes

<sup>1</sup>*John Deere (Pty.) (Ltd.) RSA*, booklet published by John Deere.

<sup>2</sup>Statement, "John Deere South African Operations," enclosed in John Deere Co. letter to CALC, Dec. 21, 1984.

<sup>3</sup>Letter to CALC, Feb. 18, 1983.

<sup>4</sup>"South Africa Draws Investors," New York Times, Nov. 3, 1982.

<sup>5</sup>*John Deere Proprietary Ltd. RSA*, op.cit.

<sup>6</sup>IRRC Directory Update section of the *Reporter*, (published by Investor Responsibility Research Center), March 1983, p. 14.

<sup>7</sup>Statement, "John Deere. . .", op.cit.

<sup>8</sup>*Ibid.*

<sup>9</sup>Letter to CALC, Feb. 18, 1983.

<sup>10</sup>Dec. 21, 1984 letter to CALC.

<sup>11</sup>IRRC Directory of U.S. Corporations in South Africa, 1985 edition.

**DO-ALL CO.**

254 N. Laurel Ave.  
Des Plaines, IL 60016

**Name:** Do-All Saws S.A. (Pty.) Ltd.

**Product:** Distribution office.<sup>1</sup> The parent firm manufactures "machine tools, metal cutting tools, measuring instruments and industrial supplies."<sup>2</sup>

**Location:** Luipaardsvlei

**Workforce:** unknown

**Significance factors:** no data available

**Footnotes:**

<sup>1</sup>*Foreign Investment in South Africa*, Investor Responsibility Research Center, 1985.

<sup>2</sup>*Ibid.*

**DUKANE CORPORATION**

2900 Dukane Dr.  
St. Charles, IL 60174

**Name:** Dukane Corp.

**Product:** Communications and sound equipment<sup>1</sup>.

**Location:** Sandton (suburban Johannesburg)

**Other information:** "We are privately held. . ."

"We have one employee in South Africa. . .to establish local distributors. . .

. . .The principal application for (our) sound equipment is communication systems for hospitals and schools, and fire and safety communication and noise suppression equipment. . .The audio-visual equipment is used as a teaching aid. . .Currently our sales volume (there) is negligible (under \$100,000), and we view the operation as market exploration and/or start-up. We do not anticipate. . .any additional employees in his office or elsewhere in the Republic of South Africa."<sup>2</sup>

**Footnotes:**

<sup>1</sup>*Foreign Investment in South Africa*, Investor Responsibility Research Center, 1985.

<sup>2</sup> Letter to CALC, March 12, 1985.

**FMC CORP.**

200 E. Randolph  
Chicago, IL 60601

**Name:** FMC South Africa (Pty) Ltd.

**Product:** Makes, sells and repairs food handling equipment.

**Location:** Headquarters in Johannesburg, Citrus Repair Facility in Tzaneen in northeastern South Africa.

**Workforce:** 81 employees

**Workforce composition:** Whites 47<sup>1</sup>  
Coloreds 34<sup>1</sup>

**Company policy in South Africa:** Expansion/withdrawal: "FMC Corporation believes that its presence in South Africa contributes to the well-being of the majority of South Africans. . . (FMC) has no plans to withdraw its investments from that country."<sup>2</sup>

An article in *Armies and Weapons* magazine stated that South Africa's government

seems to have managed to buy a sizeable batch of M-113s, almost certainly built in Italy by OTO Melara, and to have got them delivered. . .

M-113s are tanks made by FMC and by overseas corporations operating under license from FMC. A staff member of the Northern California Interfaith Center on Corporate Responsibility wrote to the Investor Responsibility Research Center regarding this transaction, saying,

we are concerned about the licensing agreement of FMC with OTO Melara and would like FMC to investigate whether OTO Melara had knowledge of this sale.<sup>3</sup>

Unionization: "FMC South Africa Ltd. has not been approached by a non-white trade union. Our coloured workers are covered by recognized Engineering Industrial Workers Union, in existence for about 24 years. Whites and coloreds fall under National Industrial Council, responsible for wage, sick pay and leave structures; and privileges are identical in all cases."<sup>4</sup>

In 1983 the firm said, based on yearend 1982 data, that "both the sales and assets of FMC's remaining South African operations total considerably less than 1/2% of the company's total annual sales or assets."<sup>5</sup>

That yields the following: Sales—\$17.49 million  
Assets—\$13.8 million

Those figures seem current since the firm recently wrote that

"Our 1984 sales are essentially flat from last year."<sup>6</sup>

**Significance factors:** FMC's South Africa sales could rank as high as eighth among the 19 Illinois firms for which data exists.

Sullivan signatory—Yes.

**Footnotes:**

<sup>1</sup>Dec. 17, 1984 letter to CALC.

<sup>2</sup>1982 policy statement appended in letter to CALC.

<sup>3</sup>Investor Responsibility Research Center, 1981 Analysis R, page R 13. *Armies & Weapons*, December 1978, p. 41

<sup>4</sup>Letter to CALC, May 2, 1983.

<sup>5</sup>Letter to CALC, July 1, 1983.

<sup>6</sup>December 17, 1984 letter to CALC.

**FOOTE CONE & BELDING  
COMMUNICATIONS INC.**

401 N. Michigan  
Chicago, IL 60611

**Name:** Lindsay Smithers-FCB (Proprietary) Limited, in which Foote Cone & Belding has a 24% interest.

**Product:** Advertising

**Location:** Johannesburg, Durban, Cape Town

**Workforce:** 275

**Company policies in South Africa:** The U.S. firm is working with Lindsay Smithers-FCB to improve working conditions for all employees of the latter. There are no plans to sell the 24% interest.

**Annual billings:** Equivalent to \$50 million (Foote Cone & Belding's annual billings are \$2.1 billion worldwide).

**Sullivan signatory:** "We are actively considering whether to become a signatory to the Sullivan principles", said a spokesman for Foote Cone & Belding.

**GATX**  
120 S. Riverside Plaza  
Chicago, IL 60606

**I**

**Name:**

**Product:** Engineering firm. ("erection of cement and allied plants")

**Location:** Randburg (suburban Johannesburg).

**Workforce:** 13<sup>2</sup>

**II**

**Name:** GATX Leasing

**Product:** Capital equipment financing

**Location:** Marshalltown (suburban Johannesburg)

**Workforce:** 5<sup>2</sup>. Composition of both workforces is unknown.

**Company policy in South Africa:** Relationship to government: Unknown whether GATX Fuller has engineering work with the government.

Expansion/Withdrawal policy: "We have no plans to expand our operations in South Africa."<sup>2</sup>

Unions: "No non-white trade unions have asked for recognition."<sup>2</sup>

**Significance factors:** No data known.

Workforce size: 18

Workforce as a % of Illinois workforce in South Africa: 0.2%

Sullivan signatory: No

**Footnotes**

<sup>1</sup>IRRC Directory, May 1982.

<sup>2</sup>Letter to CALC, May 12, 1983.

**A.J. GERRARD & CO.**  
400 E. Touhy Ave.  
Des Plaines, IL 60018

**Name:** A.J. Gerrard Steel Strapping Co. S.A. (Pty.) Ltd.

**Product:** Steel strapping machines

**Location:** Johannesburg

**HAYES/HILL INC.**  
312 W. Randolph  
Chicago, IL 60606

**Name:** Hayes/Hill Morris (Pty.) Ltd.

**Product:** Management consultants

**Location:** Randburg

**Workforce:** 5

Hayes/Hill Morris is 50% owned by Hayes/Hill.

**Significance factors:**

Sullivan signatory: No

**Footnotes:**

All data for Hayes/Hill is from: *Foreign Investment in South Africa*, Investor Responsibility Research Center, 1985.

**HELLER FINANCIAL INC.**  
105 West Adams Street  
Chicago, IL 60603

Heller Financial is wholly owned by the Fuji Bank Ltd. of Tokyo, Japan.

**Name, product:** "We don't 'operate' in South Africa. We have a 10% investment in Fordom Factoring (Pty.) Ltd."<sup>1</sup>

**Location:** Fordom Factoring is located in Johannesburg.

**Workforce:** 24<sup>2</sup>

Sullivan signatory: Yes

Factoring is a finance-related service.

**Footnotes:**

<sup>1</sup>Letter to CALC, May 18, 1983.

<sup>2</sup>*Foreign Investment in South Africa*, Investor Responsibility Research Center, 1985.



**ILLINOIS TOOL WORKS INC.**

8501 West Higgins Rd.  
Chicago, IL 60631

**Name:** Illinois Tool Works South Africa (Pty.) Ltd.

**Product:** Sales office—processes orders for items manufactured outside South Africa.

**Location:** Johannesburg

**Workforce:** 5

**Sales:** The firm wrote to Clergy and Laity Concerned in January 1985 that

“...our sales in South Africa are \$1,252,000 in the most recent year.”

Sullivan signatory: No

**Footnotes:**

All data is from: *Foreign Investment in South Africa*, Investor Responsibility Research Center, 1985.

## INTERNATIONAL HARVESTER

401 N. Michigan Ave.  
Chicago, IL 60611

**Name:** International Harvester owns 75% of Soilmaster (Ltd.) (a farm equipment firm), and 100% of International Harvester South Africa.

**Product:** IHSA "has offices at Isando, a truck and agricultural equipment facility at Pietermaritzburg, and widespread sales and service operations."<sup>1</sup>

### Workforce<sup>2</sup>: 556

#### International Harvester South Africa

Africans	203
Asians/coloreds	80
whites	215
	498

#### Soilmaster Ltd.:

Africans	37
Asians/coloreds	2
whites	19
	58

**Company policy in South Africa:** Special relationship to government—IH worked with South African government agencies in financing IH South Africa's recent expansion:

"On Thursday, February 25 (1983), after the final payment. . . in a total investment of 8 million rand was made, the keys of the Pietermaritzburg Assembly Plant were handed over to the managing director of International Harvester South Africa. . . by the Industrial Development Corporation (IDC)."<sup>3</sup>

IDC is a South African government agency.

**Expansion**—International Harvester has invested over 10 million rand (about \$10 million) in South Africa in the past 3 years, according to a March 4, 1983 Financial Mail ad by IH South Africa. This includes the conversion of its truck manufacturing to use the new, South African-made diesel engine produced by a South African government-aided firm.

International Harvester's U.S. branch announced in 1982 it would close or sell its plants in Chicago (West Pullman), and temporarily close its plants in East Moline and Rock Island. In 1982 it also closed its plant in Fort Wayne. At the same time it was expanding its operations in South Africa (see notes above).

**Labor:** "There are no black (African, Asian, or colored) managers, professionals, artisans or technicians at either IHSA or Soilmaster."<sup>4</sup>

**Sales and assets:** "Our operations in South Africa account for less than 1% of our Company's worldwide sales and assets."<sup>5</sup>

The firm's worldwide sales in the year ending October 31, 1984 were \$4.8 billion; assets then were \$3.25 billion.

International Harvester's annual sales in South Africa are thus less than \$48 million, with assets there less than \$32 million.

The actual figures are probably very close to these ceilings, however. After all, International Harvester's assets in South Africa were reported in 1980 to be worth \$43 million<sup>6</sup> and the firm said it invested 10 million rand (over \$10 million) there during 1980-1983.<sup>7</sup>

**Significance factors:** International Harvester's annual sales in South Africa rank 4th highest among Illinois firms.

Sullivan signatory: Yes.

**Additional comments:** International Harvester has contributed a great deal to U.S. corporate publicity efforts, through its initiation with 11 other firms of the Sullivan Principles. It has refused to release data about wages of its South African employees in recent years. While selling or closing plants at home it continued to expand its operations in South Africa, even advertising the fact in South Africa's Financial Mail magazine. Its work with the Industrial Development Corporation allowed South Africa to make IH a customer for the new South African-made diesel engine. This contributed to South Africa's self-sufficiency.

### Footnotes:

<sup>1</sup>International Harvester in South Africa: A Progress Report" by International Harvester, 1978.

<sup>2</sup>Foreign Investment in South Africa, Investor Responsibility Research Center, 1985.

<sup>3</sup>Ad by IHSA in the Financial Mail (South African magazine), March 4, 1983, p. 912.

<sup>4</sup>"Update: International Harvester," (Investor Responsibility Research Center, 1984).

<sup>5</sup>Letter to CALC, January 8, 1985.

<sup>6</sup>Ibid.

<sup>7</sup>"International Harvester," analysis dated April 1980, by IRRC.

<sup>8</sup>Ad by IHSA in the Financial Mail (South African magazine), March 4, 1983, p. 912.

**INTERNATIONAL MINERALS & CHEMICALS  
COMPANY (I.M.C.)**  
I.M.C. Plaza  
Libertyville, IL 60048

**Name:** Lavino South Africa (Pty.) Ltd. is at least 50% owned by IMC.<sup>1</sup>

**Product:** Chrome Ore

**Location:** While the office is in Johannesburg, the mine is "about 180 miles north of Johannesburg"<sup>2</sup>, at Steel-poort.<sup>3</sup>

**Workforce:** "Employment at our South African subsidiary was 232 as of June 30, 1984, reflecting a continued downturn in business."<sup>4</sup>

Workforce is 234 according to *Foreign Investment in South Africa* (by Investor Responsibility Research Center), of which 210 were Africans and 24 were whites.

**Company policy in South Africa:** Relationship to government

Expansion or withdrawal policy—"We really have no policy in this connection, although I would point out that we have no plans to expand our operations there."<sup>4</sup>

Unions—"No non-white trade union has asked for recognition by Lavino. We have established grievance procedures and a special committee largely selected by the employees which handles employment problems which arise."<sup>5</sup> One of the top five managers is African.<sup>6</sup> The company should be asked if anyone has been fired for union activity.

**Significance factors:** Sales in the year ended June 30, 1984 totalled \$9,223,298, including sales to other parts of IMC."<sup>7</sup>

Assets at end of fiscal 1982—\$13,612,000<sup>8</sup> (about .7% of IMC worldwide)

International Minerals & Chemicals ranks in about the middle (11th of 19) of Illinois firms' sales in South Africa—and 8th in assets.

Sullivan signatory—Yes

**Footnotes**

<sup>1</sup>I.R.R.C. Directory, May 1982.

<sup>2</sup>Letter to CALC, March 29, 1983.

<sup>3</sup>Annual Report 1982, last page.

<sup>4</sup>Letter to CALC, March 29, 1983.

<sup>5</sup>*Ibid.*

<sup>6</sup>*Ibid.*

<sup>7</sup>Letter to CALC, November 28, 1984.

<sup>8</sup>Letter to CALC, June 23, 1984.

**MAREMONT CORPORATION**

200 E. Randolph Dr.  
Chicago, IL 60601

**Name:** Gabriel SA (Pty.) (Ltd.)

**Product:** Shock Absorbers

**Location:** Tokai, near Cape Town

**Workforce:** 308<sup>1</sup>

**Workforce composition:**

**Company policy in South Africa:** Relationship to government —Expansion or withdrawal policy: Regarding both, one can cite an article on recent expansions in South Africa which included

"... The Maremont Corporation of Chicago. Its new \$8.6 million shock absorber factory was opened last April by a Cabinet minister."<sup>2</sup>

But Maremont is also planning an expansion of another kind, the buying out of the 49% of Gabriel which it did not already have.<sup>3</sup>

Unions—Stated informally that there is no union for nonwhites there.

**Significant factors:** Sales—unknown.

Assets—Unknown but certainly over \$8.6 million.

Sales and assets were not included in the total for Illinois firms since the data is sketchy and the firm is not publicly owned.

Workforce as % of Illinois firms' combined workforce in South Africa—5.6%.

Sullivan signatory—No.

Maremont is actually owned by Alusuisse, a Swiss firm, making shareholder action all but irrelevant. Maremont makes machine guns at one of its plants in the midwest United States.

**Footnotes:**

<sup>1</sup>IRRC Directory, May 1982.

<sup>2</sup>"List of U.S. Firms and Affiliates Operating in South Africa," Commerce Department, November 1982.

<sup>3</sup>"New Interest in South Africa," New York Times, Nov. 3, 1982.

<sup>4</sup>Conversation between CALC and Maremont staff, 1983.

## MOTOROLA CORPORATION

1303 E. Algonquin  
Schaumburg, IL 60196

**Name:** Motorola South Africa)

**Product:** semiconductors, 2-way radios, automotive products, data and control systems<sup>1</sup>

**Location:** Bramley, in suburban Johannesburg

**Workforce:** 250<sup>1</sup>

**Workforce composition:** In 1982 the workforce was 34% African, 15% Asian or colored, and 51% white.<sup>2</sup>

**Policy in South Africa:** Relationship to government—A. Peter Lawson, associate general attorney for Motorola, said that “Motorola has made no sales to the military and one sale of non-tactical communications equipment to the police,”<sup>3</sup> since the U.S. Commerce Department regulations were amended in February 1982. The amendments made such sales legal.

After those amendments were made, shareholders sponsored a resolution seeking a policy of not selling to the South African police and military. Management opposed, and shareholders rejected the proposal. The management viewpoint clearly imposes no restraint on company sales there; management stated in the proxy material that

“The proponents’ objective to impose a more restrictive embargo against South Africa than is imposed by the U.S. government should be pursued through the government, not through a stockholder proposal.”<sup>4</sup>

**Expansion or withdrawal policy—**“Motorola does not have a policy of investing or not investing further in South Africa.”<sup>5</sup>

**Philanthropy—**“Donations of equipment have been made to a local clinic providing health care to our non-white employees.”<sup>6</sup>

**Unionization—**“We were once contacted by a non-white trade union. Our employees were polled as to their interest and they had none. The union agent was so informed and that was the last of it.”<sup>7</sup>

Motorola’s South African employment practices have drawn faint praise from the official group monitoring the Sullivan Principles. An independent accounting firm uses the monitoring group’s criteria and a questionnaire to firms to rate Sullivan principles compliance on a scale of 1 to 5. According to the Investor Responsibility Research Center,

In the 1981 and 1982 reports on the signatory companies, Motorola received a 3-A “needs to become more active” rating. . . the rating indicates that Motorola did not perform well in three. . . areas: efforts on behalf of black education, training and advancement for black employees and community development. . .<sup>8</sup>

However, Investor Responsibility Research Center’s report went on to say that a 3-A rating implies that a firm is doing well in the areas of desegregation, minimum wage, trade union rights, equal pay for equal work, and nondiscrimination with respect to pay and benefits.

**Other notes:** Motorola has prime military contracts with the U.S. government (totalling \$199 million in fiscal 1981) for radar devices for two U.S. first-strike nuclear weapons, the Pershing II missile and the Trident missiles.

**Significance factors:** Sales—Less than \$37.8 million based on less than 1% of sales.<sup>9</sup>

**Assets—**“In a letter to the Securities and Exchange Commission, the company said that its operations in South Africa represent approximately. . . 0.3% of its consolidated assets.”<sup>10</sup> If that were still true the figure would be \$9.7 million.

**Significance factors:** Motorola’s sales rank 5th among 19 Illinois firms for which data exists.

Sullivan signatory—Yes

### Footnotes:

<sup>1</sup>*Foreign Investment in South Africa*, Investor Responsibility Research Center, 1985.

<sup>2</sup>I.R.R.C. 1983 Analysis E Supplement #6, “Motorola,” page E-70.

<sup>3</sup>*Ibid.*, quoting letter to IRRC from Motorola.

<sup>4</sup>*Ibid.*

<sup>5</sup>Letter to CALC, March 7, 1983.

<sup>6</sup>*Ibid.*

<sup>7</sup>I.R.R.C. 1983 Analysis E Supplement #6, “Motorola,” page E-71.

<sup>8</sup>*Ibid.*

<sup>9</sup>I.R.R.C., 1978 Analysis J, pages J-69-J-70 gives the 1% estimate; 1983 worldwide sales were \$4.32 billion.

<sup>10</sup>IRRC 1978 Analysis J. pages 69-70.

**NALCO CHEMICAL COMPANY**  
**2501 Butterfield Road**  
**Oak Brook, IL 60521**

**Name of Subsidiary:** Anikem (Pty.) Ltd., an unconsolidated (50% owned) subsidiary of Nalco.

**Product:** Nalco and its affiliate Anikem specialize in making the equipment and particularly the chemicals needed by industry to clean the water they use to the point that it won't clog pipes, disrupt chemical reactions or otherwise spoil their production.

**Location:** Johannesburg office, Umbogintwini plant (northeastern part of the country)

**Workforce:** "Slightly more than 200 employees."<sup>1</sup>

**Workforce composition:** 77 Africans, 12 Asians and coloreds, 110 whites<sup>2</sup>

**Company policy in South Africa:** Relationship to government—

Expansion or withdrawal policy—"We expect the South African company (Anikem) to be reinvesting part of its earnings."<sup>3</sup>

"We are a non-majority shareholder."<sup>4</sup> Nalso owned 50% of Anikem in 1978<sup>5</sup> and still did in 1982.<sup>6</sup> In 1978 the other 50% was owned by AEI (African Explosives & Chemical Industry)<sup>7</sup> of which Anikem was still a subsidiary according to a 1983 listing.<sup>8</sup> Nalso gives an indication of the importance of AEI—and indirectly of the importance of its technical collaboration with AEI—when it says of the "other shareholder" that it is

"a large South African company with 25,000 employees, (and) is affiliated with a United Kingdom company and the Anglo-American group of South African companies."<sup>9</sup>

Sullivan signatory: Yes

**Significance factors:** CALC wrote to Nalco stating that if its subsidiaries in several companies had about the same share of the overall economy in each host country, then the sales and assets of Nalco's affiliate Anikem could be estimated. On that basis we gave an estimate which we said we would assume accurate until refuted by Nalco; no refutation came. Nalco's 50% share of sales and assets would be (if our estimate is agreed with and halved).

Sales—\$3.75 million

Assets—\$1.3 million

**Additional comments:** Nalco says,

"Our primary involvement with the company (Anikem) is in providing technical information and know-how for marketing and manufacturing proprietary (i.e., trademarked) chemicals to the South African chemical market."<sup>10</sup>

Technical knowledge was also the point of another evaluation, that came in a 1973 South African article ("Ten Dynamic Years") about 18 "major strides since the beginning of 1973." That article listed Anikem's startup in production of acrylamide, a plastics-related chemical, as one of those 18 major strides in the South African chemical industry.<sup>11</sup>

**Footnotes:**

<sup>1</sup>Letter to CALC, April 20, 1983.

<sup>2</sup>*Foreign Investment in South Africa*, Investor Responsibility Research Center, 1985.

<sup>3</sup>Letter to CALC, April 20, 1983.

<sup>4</sup>Ibid.

<sup>5</sup>Letter to Illinois Committee for Responsible Investment, Oct. 2, 1978.

<sup>6</sup>IRRC Directory, May 1982.

<sup>7</sup>Letter to Illinois Committee for Responsible Investment, Oct. 2, 1978.

<sup>8</sup>*Who Owns Whom*, Robin McGregor (McGregor: Purdey Publishing Co., Box 47, McGregor 6708, South Africa (April 1983 edition).

<sup>9</sup>Letter to CALC, April 20, 1983.

<sup>10</sup>"Ten Dynamic Years," Supplement to Financial Mail, March 4, 1983.

**A C NIELSEN COMPANY**, a division of Dun & Bradstreet

**A C Nielsen Co.**  
Nielsen Plaza  
Northbrook, IL 60062

**Name:** Nielsen (Proprietary) Ltd.

**Product:** Marketing Research

**Location:** Headquartered in Johannesburg

**Workforce:** Slowly increasing from 300 in 1982<sup>1,2</sup> to 343 in 1983.<sup>3</sup>

**Workforce composition:**

White	204
Colored	77
African	39
Asian	23

**Company policy in South Africa:** Relationship to government:

Expansion or withdrawal policy—"Since we are strictly a servicing company, we have no further investment plans in our South African operations."<sup>5</sup>

Labor—"We do not have a standard policy statement discussing our company's South African policies and employment advances. However, we do adhere to a policy of non-discrimination in all of our twenty-five operations."<sup>6</sup> "A nonwhite trade union has not asked for recognition by our South African subsidiary, as far as I know."<sup>7</sup>

"Sales of our South African company are over ½% of worldwide sales but less than 1%."<sup>8</sup> Using 1983 Annual Report this yields: ½% of \$680 million to 1% of \$680 million<sup>9</sup> or

Sales—\$3.4 million to \$6.8 million

Assets—Unknown, almost certainly negligible.

**Significance factors:** Nielsen's South Africa sales are between \$3.4 and \$6.8 million (the average would be 16th among 19 Illinois firms ranked by sales).

Sullivan signatory—No. Was a signatory but did not pay the fee assessment charged by the Sullivan monitoring organization, which dropped Nielsen from the list of official signatories.

#### Footnotes:

<sup>1</sup>IRRC Directory, May 1982

<sup>2</sup>"List of U.S. Firms or Affiliates Operating in South Africa," Commerce Dept., November 1982

<sup>3</sup>Letter to CALC, Feb. 22, 1984

<sup>4</sup>Ibid.

<sup>5</sup>Letter to CALC, April 8, 1983.

<sup>6</sup>Ibid.

<sup>7</sup>Ibid.

<sup>8</sup>Letter to CALC, June 29, 1983.

<sup>9</sup>Nielsen revenues for year ending 8/31/83 as reported in Crain's Chicago Business, March 12-18 '84 p.24.

**G.D. SEARLE**  
**P.O. Box 1045**  
**Skokie, IL 60076**

**Name of Subsidiary:** G.D. Searle S.A. (Pty.) Ltd.

**Product:** Pharmaceuticals

**Location:** Bramley, in suburban Johannesburg; Wynberg, same area; Observatory, (Cape Town area).<sup>1</sup>

**Workforce:** 51 as published in May 1982<sup>2</sup>, 70 as published in November 1982.<sup>3</sup>

**Workforce composition:** "Our present employment is about 50% white and 50% nonwhite and has grown about 40% in the past three years."<sup>4</sup>

**Company policy in South Africa:** Relationship to government:

Expansion or withdrawal policy—As with other Searle operations around the world,

"... At certain times it is necessary to make additional investments to maintain this quality and at the same time remain competitive in the marketplace."<sup>5</sup>

Unions: "Searle believes in the elimination of discrimination against the right of blacks to form or belong to registered trade unions, should they so wish."<sup>6</sup> Actual unionization status unknown.

Sales—Under ½% of worldwide totals.<sup>7</sup>

Applied to 1984 sales totals this would be \$5.9 million in sales in South Africa in 1984.

Assets—Searle, in response to our letter asking whether sales and assets were under ½% or 1%, responded regarding sales but not assets. Its workforce of 71 is .7% of its worldwide workforce.<sup>8</sup> Searle's low-calorie sweeteners Equal and Nutrasweet have been approved for use in South Africa<sup>9</sup> and Equal was introduced there.<sup>10</sup> All of this makes a ½%-of-assets seem plausible, though this is only a CALC estimate. So ½% of \$1.269 billion<sup>11</sup> yields:

Assets: \$6.34 million (estimate)

**Significance factors:** Searle ranks about 14th among the 19 Illinois firms in terms of South Africa sales. It will likely climb over time due to introduction of its nutra-sweet products there.

Sullivan signatory—No

#### Footnotes:

<sup>1</sup>Johannesburg, Pretoria and Cape Town area phone books, 1980.

<sup>2</sup>IRRC Directory

<sup>3</sup>"List. . .," U.S. Commerce Dept., November 1982.

<sup>4</sup>Letter to CALC, April 15, 1983.

<sup>5</sup>Ibid.

<sup>6</sup>Ibid.

<sup>7</sup>Letter to CALC, December 6, 1984.

<sup>8</sup>See Crain's Chicago Business, March 12-18, 1984 for the 10,000 person workforce datum. (page 23)

<sup>9</sup>Form 10-K Annual Report 1982 for Searle, page 6.

<sup>10</sup>Ibid.

<sup>11</sup>Ibid.

**SQUARE D INC.**

Executive Plaza  
Palatine, IL 60067

**Name:** Square D Electrical Products Ltd.

**Product:** Electrical products. The other major business of Square D which is not (yet) operating in South Africa, is electronic products.

**Location:** Suburban Johannesburg (Blackheath and Northcliff).

**Workforce:** 32<sup>1</sup>

**Workforce composition:**

**Company policy in South Africa:** Relationship to government:

Expansion or withdrawal policy—

Labor unions—

Sales—\$2.5 million

A less-than-½% figure was given by the company<sup>2</sup> implying sales were less than \$5.7 million in 1981. So: Sales estimated at \$5.7 million.

**Assets—Unknown.** “The Square D South Africa plant has 25,000 square feet of plant and office space. We have a total of thirty-two (32) employees. The concern and problems of the operation are considerably more than would be associated with anything of equivalent size in the United States. In fact, many of our one- and two-man offices handle more dollar volume than the total we receive in South Africa.”<sup>3</sup>

**Sullivan signatory—No**

**Significance:** Square D's South Africa sales rank low among Illinois firms (15th of 19) at present; its rank could climb if Square D's electronics business invested there.

**Footnotes:**

<sup>1</sup>Letter to CALC, May 13, 1983.

<sup>2</sup>Letter to CALC, June 27, 1983.

<sup>3</sup>Letter to CALC, May 13, 1983, complete text.

**UAL INCORPORATED**, whose major assets are United Air Lines and the Westin Hotels chain.  
P.O. Box 66919  
Chicago, IL 60666

**Name of South African affiliate:** Carleton Hotel

**Location:** The Carleton is a 670 room five-star hotel in the heart of the business and theater district at Johannesburg. The 25-stories-plus hotel dominates the Carleton Center complex which includes 160 shops.

**Workforce:** 1,035

<b>Workforce composition:</b>	Whites	270	Source: <sup>1</sup>
	Coloreds	25	
	Asians	12	
	Africans	728	

**Current policy in South Africa:** Relationship to government—Until recently, the Center housed the offices of the “government” of the Ciskei bantustan.

Expansion/withdrawal policy—“...to the best of my knowledge, our company is not presently engaged in any discussion contemplating any expansion of our investment in South Africa.”<sup>2</sup> In the last two years the workforce has grown slightly.

Unions—While Westin claims to be a liberalizing influence in South Africa it apparently doesn't even know what the *law* is there: Westin wrote,

“While we understand that nonwhite unions are not permitted under local laws, management of The Carleton Hotel has on a continuing basis conducted a constructive dialogue with the nonwhite employees of the hotel who have approached the management on an informal organized basis.”<sup>3</sup>

It is surprising that a firm managing hundreds of employees in South Africa would not be aware of government actions there which have legalized black trade unions.

**Significance factors:** Assets—“Westin Hotel Company, which is a wholly-owned subsidiary of UAL Inc., manages The Carleton Hotel in Johannesburg, South Africa, under the terms of a management agreement with a South African corporation in which Westin's interest is approximately 11% of the stock.”<sup>4</sup> The management agreement runs for 20 years.<sup>5</sup> The Carleton, “one of the most prestigious hotels in South Africa,”<sup>6</sup> lets 670 rooms for about \$88 nightly while 70 rooms (Carleton Court addition) rent for \$114 nightly.<sup>6</sup> Assuming 75% occupancy, annual rentals are \$16.6 million of which Westin's 11% share is \$1.83 million. These are minimum estimates. Westin apparently has no physical assets there, merely stock in the corporation which in turn leases the hotel from the owners of the Carleton complex.

Assets—0

Sales—\$1.83 million

Sullivan signatory—No.

**Additional comments:** The Carleton has been so heavily promoted internationally as "nonsegregated" that the situation needs an explanation.

As we have seen, apartheid is a system of heavily controlled and repressed cheap black labor, among many other things. There has been a campaign to remove "petty apartheid," that is, to desegregate publicly visible accommodations, in recent years in some parts of South African society. The government benefits from international reports that it is "liberalizing," but the change is occurring on the most superfluous level.

Westin as manager of the Carleton Hotel participates in this misleading "desegregation" activity. It's misleading to the extent that hotels do not a country make. Here is how the situation unfolded—according to Westin:

We believe Westin's presence in South Africa provides a substantial, positive influence upon the liberalization of the racial policies of the government. As an example, Westin's association with The Carleton was primarily responsible for the creation of a special "international license" which permits the hotel to serve all patrons and guests on a non-discriminatory basis.<sup>7</sup>

This non-discriminatory basis of course applies only to those who can afford to use the hotel. As its lowest nightly room rental is \$77 this practically excludes the extreme majority of Africans.

The Westin letter continues,

"The Carleton (one of the most prestigious hotels in South Africa) provides a nonsegregated environment where members of the various races and cultural groups can engage in social intercourse and thus provide a favorable example to, and liberalizing influence upon, the rest of the community. Furthermore, management has also broken with local tradition by implementing multi-racial employee cafeterias and locker rooms, uniform pay scales, and the participation of blacks in management training programs."<sup>8</sup>

While this sounds good, the management of a prestigious hotel with a large black workforce in South Africa really has no alternative but to operate this way. If segregation had continued, it would have hurt the hotel's business in several ways. First, guests would have to be carefully classified; diplomats could hardly be segregated, nor could Japanese businesspeople, for political and economic reasons. The same would apply to most nonwhite Americans. Segregated employee facilities would decrease the hotel's efficiency (and an atmosphere is only as relaxed as the staff that create it). Second, the hotel's desegregated environment is one thing that draws business away from (cheaper) competition. A hotel's image is a fragile thing; the Carleton has had to distance itself from South Africa's official policies to cater to its international clientele. The hotel, to meet this need for a nonpolitical atmosphere, has promoted non-whites to the extent possible.

... the Hotel has 6 non-white employees in management positions and 49 non-white employees in supervisory positions. These management and supervisory positions are identified as follows:

Management positions: Assistant Restaurant manager, assistant banquet manager, garage manager, personnel officer, executive steward, management trainee.

Supervisory positions: Housekeeping inspectress, assistant executive steward, PABX phone shift leader, head houseman, and supervisors for the following areas: floor, valet, linen, uniform, public area, services, room service, garage, kitchen, security, store, canteen. Also shift leaders for the public areas and the garage, and assistants in the above areas. (not quite verbatim)<sup>9</sup>

While the above list is impressive, it applies to 55 of the 765 nonwhite employees, 728 of which employees are African and 37 of which are colored or Asian.

UAL Inc., parent company of United Airlines, and Merrill Lynch Capital Markets announced that they will form a series of partnership trusts to which UAL will sell hotels owned by Westin Hotel Co., a UAL subsidiary. *Crain's Chicago Business*, June 3, 1985

<sup>1</sup>Westin letter to CALC, March 28, 1984.

<sup>2</sup>Westin letter to CALC, May 19, 1983.

<sup>3</sup>*Ibid.*

<sup>4</sup>*Ibid.*

<sup>5</sup>*Financial Mail*, Nov. 24, 1972 and Oct. 29, 1971. Costs of hotel construction were then estimated at 23 million rand, about \$23 million.

<sup>6</sup>Westin Hotels Directory, April 1, 1983, p. 32.

<sup>7</sup>Westin letter to CALC, May 19, 1983.

<sup>8</sup>*Ibid.*

<sup>9</sup>Not verbatim; from Westin letter to CALC, March 28, 1984.



**U.S. GYPSUM**  
101 S. Wacker  
Chicago, IL 60606

**Name of subsidiary:** Masonite (Africa) (Pty.) Ltd.

**Product:** Hardboard and forestry

**Location:** Head office in Johannesburg; manufacturing facilities at Estcourt.

**Workforce:** 1,951 according to survey in May 1982<sup>1</sup>, more recently 2,631.<sup>2</sup>

**Workforce composition:**<sup>2</sup>

White	179
Colored/Asian	160
African	1,612
Total (earlier)	1,951
no breakdown of recent estimate.	

**Company policy in South Africa:** Relationship to government—None known beyond ordinary tax relationship.

Expansion or withdrawal policy—"Masonite Africa has installed additional production facilities at its factory in Estcourt in the Natal Province to meet the increasing overseas demand for its prefinished door panels. In the last 18 months, Masonite Africa has exported 800,000 doors to Great Britain, the November 28, 1983 Johannesburg *Star* reported."<sup>3</sup>

The parent company has participated in this expansion.

"Production of one of the international group's products has now been switched from Italy to South Africa."<sup>4</sup>

The additional facilities were undertaken in 1985.<sup>4</sup>

**Labor:** Masonite's labor policy regarding Masonite Africa needs further examination. Its workforce there is primarily an unskilled workforce doing forestry related work at lower wages than most factory workers receive. This adds to concern about the company's statement that

"There have been two recent approaches by a trade union requesting recognition. The company declined both, believing that the union does not represent the majority of employees."<sup>5</sup>

A large portion of the labor force at Masonite Corporation plantation sites is composed of unskilled African labor. In 1979, 240 of these workers were migrants who live in single-sex hostels on the plantations. Nearly 40% of the African workforce on the plantations cut and stripped eucalyptus trees six days a week for a wage of \$40 to \$44 per month.<sup>6</sup>

While wages have increased, the basic situation has not. It is no wonder that there have been moves for unionization at these facilities.

**Significant factors:** Sales—\$29 million<sup>7</sup>

Assets—\$16 million<sup>8</sup>

Masonite's South Africa sales are sixth among Illinois firms for which data exists.

Parent/subsidiary relationship—Masonite U.S. owns 67% of Masonite (Africa).<sup>9</sup> The above sales and assets figures are the parent company's share in the total operation of Masonite Africa.

Sullivan signatory—Yes.

U.S. Gypsum has the 15th largest South Africa workforce among *all* U.S. firms. Of these 15 firms it has the most heavily African workforce.<sup>10</sup> Masonite is now owned by U.S. Gypsum.

Masonite (Africa) represents over 5% of Masonite's total worldwide sales and over 2½% of total assets. Masonite's worldwide employment figure is 5,010;<sup>11</sup> the South African subsidiary's workforce isn't included in that.

#### Footnotes:

<sup>1</sup>IRRC Directory of U.S. Corporations in South Africa, May 1982.

<sup>2</sup>"U.S. Firms or Affiliates Operating in South Africa," Commerce Department, November 1982.

<sup>3</sup>Reporter, I.R.R.C., December 1983, p. 62.

<sup>4</sup>Letter to CALC, May 9, 1983.

<sup>5</sup>*Ibid.*

<sup>6</sup>*Decorating Corporate Camouflage*, Elizabeth Schmidt (DC: Institute for Policy Studies, 1980), p. 30.

<sup>7</sup>IRRC Directory of U.S. Corporations in South Africa, 1985 edition.

<sup>8</sup>*Ibid.*

<sup>9</sup>Masonite Annual Report 1983 p. 16.

<sup>10</sup>*Newsletter*, Council on Economic Priorities, December 1983 (NY: 84 5th Ave., 10011).

<sup>11</sup>Crain's Chicago Business, March 12-18 1984, p. 24.

# ***PART III:***

## ***Bank Loans to South Africa***

### **A. The Role Loans to South Africa Play in Maintaining Apartheid**

Banks which loan to South Africa spend time and energy talking about the good purposes to which their loans are put.

Last month (August 1980) Citicorp quietly joined. . . European lenders in negotiating a \$250 million loan to South Africa. . . Citicorp defends its participation in the loan, which will finance black housing projects, hospitals, and schools. Housing and education are "things the South African population lacks," says a Citicorp spokesman. "It seems to us it would be a good thing."<sup>1</sup>

In a similar manner Continental Bank's policy statement says:

Continental Illinois Corporation subjects any proposals for (loans to South African government agencies) to rigorous consideration, to ascertain that the proposed credit would not support apartheid, and that the project to be financed would be broadly beneficial to the people of South Africa, including blacks and other non-whites.<sup>2</sup>

Loans to South Africa do not directly create jobs there. South Africa's government agencies through laws and rulings determine what level of education, housing, and work blacks will be allowed to have. (An employer in an urban area who takes on a black worker from the rural areas without notifying the government in advance is risking a fine. This is an example of government control over black work.)

There is thus no invisible hand of the market which makes economic improvement or liquidity meaningful in terms of black jobs. In addition, U.S. loans to South African borrowers at June 1982 (the most recent point for which data is available) were very shortterm-oriented, meaning that longterm development projects that could foster black jobs is not the object of U.S. loans.

Almost 86% of the loans had a maturity date of under one year. Only 2% of the loans had a maturity exceeding 5 years, and the remaining 12% had a term between one and five years.<sup>3</sup>

The very shortterm nature of such lending, and the South African government restrictions on black labor, destroy the ability of banks to argue sincerely that their loans help blacks. Even home electrification or construction or school construction are not aided by foreign loans; these projects are responses to the critical shortage of skilled black labor or concessions to effective black organizing and demands, and not optional projects sensitive to financing rates.

There is a strong historical argument that can also be made against loans to South Africa. The argument defeats both the notion that the loans help individual blacks through jobs, and the notion that economic success helps blacks generally in some vague way. The historical evidence is that in the moments most threatening to apartheid, U.S. bank loans were publicized, known, critical events that restored investor confidence in South Africa.

While the post-Sharpeville upheavals in 1960-63 and the post-Soweto massacre upheavals in 1976-77 caused investors and lenders to virtually halt new financial commitments in South Africa, major U.S. banks' loans signalled to smaller lenders and to corporate investors that powerful U.S. financial interests were still committed to the current South African government's survival.

First, for the Sharpeville, South Africa killings and the aftermath:

In 1960 a peaceful crowd demonstrating against the pass laws was fired upon at Sharpeville. This Sharpeville Massacre, combined with other serious unrest in South Africa during 1960-61, caused a massive flight of foreign capital. \$271 million was taken out of the country in 1960 and \$63 million in early 1961. Foreign reserves dropped from \$350 million to \$245 million. Shortly after Sharpeville, financiers in the U.S. put together loans adding up to \$150 million. Foremost among these was a \$40 million revolving loan offered by a consortium of American banks including Citibank.<sup>4</sup>

The causes of the 1974-78 financial problems of South Africa were more directly economic.

A malaise no less serious than that following Sharpeville has been gripping the South African economy since late 1974. The country has had to pay spiralling prices for its foreign imports, particularly oil. . . the price of gold has been depressed. . . defense (spending) skyrocketed from 481 million rand in 1973-74 to 1350 million rand in 1976-77; as much as 2/3 of this military spending has gone for imports.

. . . Between January and November 1976 \$777 million was loaned to South Africa's government, its agencies, and private businesses.<sup>5</sup>

The \$777 million figure included a \$110 million loan directly to the South African government by a consortium of Citibank, First National Bank of Chicago, three other U.S. banks and the Dresdner Bank, in November 1976. First Chicago has not joined in any loans to the South African government since then. Overall, foreign bank loans to South Africa rose from \$4.7 billion in 1975 to \$7.8 billion at the end of 1977.\* These loans and particularly the 1976 loan to the government came at a critical time. They sent signals to long-term investors that the U.S. banking community was committed to the future of the South African white government.

## B. Terminology

For the rest of the banking discussion, "loans to South Africa" can mean any of the following:

- loans to the South African government
- loans to South African government agencies
- loans to private South African corporations, or banks
- loans to U.S. corporations, mostly shortterm loans financing exports to or imports from South Africa

South African government agencies include:

- Armaments Development and Production Corporation (ARMSCOR)
- Electricity Supply Commission (ESCOM) (manager of its nuclear power also)
- Industrial Development Corporation (IDC)
- Uranium Enrichment Corporation of South Africa
- South African Coal, Oil, and Gas Corp. (SASOL)
- South African Iron and Steel Industrial Corp. (ISCOR)

Financial transactions by brokerages with South Africa have a different meaning. The brokerage role is to find investors or banks to buy bonds issued by the South African client (government agencies or the government itself are the bond issuer in the vast majority of cases).<sup>7</sup>

## C. Recent Loan Data

### Continental Bank

Continental Bank has increased its loan involvement in South Africa from less than \$116 million at the end of 1979 to a much larger figure. In early 1980 it said its South Africa loans at yearend 1979 were under ½% of total loans, which would be \$116 million. In the spring of 1984 its annual report said that

At December 31, 1983, foreign currency outstandings to Argentina, Australia, Italy, Germany and South Africa were each greater than 0.75% but less than 1% of total assets.\*

But at the end of 1984, Continental Bank's loans to South Africa were less than 0.75% of total assets then, that is, less than \$211 million.

### Sears Roebuck and Company

Dean Witter Reynolds, a brokerage, is wholly owned by Sears.

Dean Witter Reynolds subsidiaries (NWR Overseas and DWR International) participated in three recent major loans to South Africa. These loans represented some of South Africa's most publicized borrowing since 1977; many banks and brokerages (over 50 in each of these three loans) joined in what were obviously "trial balloons" to see if lending to South Africa would be acceptable once again to the public. The three loans in which DWR subsidiaries participated were a \$67 million loan directly to the South African government, a loan to the Electricity Supply Commission (ESCOM) of \$54 million, and a loan of \$43 million to ESCOM.

The reaction to these loans was the filing of resolutions by Interfaith Center for Corporate Responsibility member groups to the 1982 and 1983 annual meetings of Sears. In response, Sears agreed to end financial transactions between its subsidiaries and South Africa's government and government agencies. Sears also agreed to end its subsidiaries' sales of South African gold Krugerrand coins.

### First National Bank of Chicago

First National Bank in a 1983 letter to CALC disclosed it had no loans to U.S. firms during 1982 for business with South Africa. It gave a figure for the amount of some (but not all) types of First Chicago loans to South Africa:

"Loans to the South African government, its related agencies, and private South African corporations total approximately \$4 million."<sup>8</sup>

### Citicorp

Citicorp Savings was formerly First Federal Savings and Loan, one of Chicago's largest savings and loan associations. In 1984 it was acquired by Citicorp. Citicorp is a parent of Citibank, the New York banking giant. Citibank participated in 7 publicized multibank loans to South African borrowers totalling \$545 million during 1979 to mid-1982.<sup>10</sup> In terms of the total amount of publicized loans in which a bank was involved during that period, Citibank was the world's second-largest lender to South Africa,<sup>11</sup> since its \$545 million figure was second only to a Swiss bank's figure.

Since Citibank Savings is owned by Citibank, those concerned about South Africa should realize that the profits of Citibank Savings accrue to a bank with very large loan involvement in South Africa.

**Citibank has halted loans to South Africa's government.** This may be due in part to New York City's recent passage of a bill barring city pension deposits in banks which make loans to the government of the Republic of South Africa.

## D. Bank Policies Regarding Possible Future Loans to South Africa

**Continental Illinois Corporation's** policy statement on bank loans to South Africa given at its 1982 meeting "remains unchanged"<sup>12</sup> except for the upper limit originally given for the amount of loans. The latter has been revised upward, from ½% of total assets to 1% of total assets. The Continental policy statement rules out loans to government agencies unless they would be "broadly beneficial to the people of South Africa." (One is tempted to ask which of the South African government owned agencies (listed in section B) are broadly beneficial to the people of South Africa.)

The statement was prefaced by Continental Chairman Anderson for the annual meeting. He said, "Several stockholders—namely the Sisters of St. Joseph, Clergy and Laity Concerned, School Sisters of Notre Dame, the Claretian Fathers, and Dominican Fathers and Brothers—that have presented proposals to change or examine the corporation's approach to lending in South Africa in each of the past five annual meetings, withdrew a sixth proposal this year, in view of our issuance of the following statement:

1. . . . "The corporation has no loans outstanding in the so-called homelands and believes that the homelands policy as presently constituted is at odds with the continued and desired movement toward full human rights for the nonwhite population."
2. . . . "The corporation has not negotiated a loan to the government of South Africa for the past 5 years and very few to government parastatals."
3. At December 31, 1981 the government had no such loans (to the government or parastatals) outstanding."
4. . . . The corporation considers every progressive step away from those (apartheid) policies a positive development, including a gradual movement toward political enfranchisement for blacks and other non-whites and more equal opportunity in employment, compensation, education, housing, health care, and other human needs, rights and endeavors."

These comments represent useful precedents in dealing with other banks, in condemning the Reagan Administration's tacit acceptance of the homelands policy, and in approaching bank shareholders and account holders. The latter should pause to consider whether any of the indicators of social progress have really been significantly advanced in the two years that have passed since the statement was made.

On May 31, 1985 the bank wrote to CALC that  
" . . . Moreover, we intend in the future to only make short-term trade finance loans in South Africa."

**First Chicago Corporation**, holding company for First National Bank of Chicago, has given partial concessions to action groups by halting loans to U.S. corporations for business in South Africa. Its chairman wrote in April 1983 to Clergy and Laity Concerned that

—First Chicago has made no new loans to the South African government or its related agencies since December, 1976, and this condition is not likely to change in the foreseeable future.

—Loans to the South African government, its related agencies, and private South African corporations total approximately \$4 millions.

—In 1982 the Bank made no loans for operations in or by the borders of South Africa's Bantustan areas.

—In 1982 the Bank made no loans to U.S. corporations to finance operations in or exports to South Africa.

The halt in loans to U.S. corporations for business with South Africa represents a particularly significant victory for the groups which have entered shareholder resolutions, pushed public-funds-related actions, and withdrawn accounts from the bank. The halt in loans to the government and its agencies is also an important concession won by these groups.

### Other Chicago Banks' Policies

Both Harris Bank and Northern Trust Bank say they will consider loans to private South African corporations "and to correspondent banks" for the purpose of financing trade with South Africa.<sup>13 14</sup>

Exchange National Bank wrote that "our bank has not made any loans in South Africa"<sup>15</sup> but recently refused to reconfirm that this is the case. Officials of LaSalle National Bank, American National Bank, and Sears Bank all have refused to give policy statements in writing on the issue, though the first two deny orally that their banks are involved in loans to South Africa.

## E. Alternatives: Banks Which Rule Out South Africa Lending

There are many downtown banks, and some neighborhood banks with outstanding community records, which have written letters ruling out loans to South Africa and sales of South African gold coins (called "Krugerrands"). These banks include:

Amalgamated Trust & Savings Bank  
Avondale Federal Savings Bank  
(National) Boulevard Bank  
Madison Bank & Trust  
North Shore National Bank  
South Shore National Bank  
Uptown National Bank  
Working Assets Money Fund

# **PART IV:**

## ***Illinois Groups' Actions and the Corporate Response***

### **A. Illinois Groups' Campaign Against Loans to South Africa**

What actions can bring effective pressure on corporations to change their South Africa policies?

Experience in Illinois, which mirrors the larger national picture, points to a general conclusion:

Negative publicity (shareholder actions and public statements) and withdrawal of funds (particularly city and state funds or union pension accounts) are the keys to changing bank policies on South Africa.

This conclusion can generally be drawn from the responses by First Chicago and Continental Illinois to the three phases of the campaign against bank loans to South Africa. These are summarized below.

A *first* round of activity was account withdrawals by area religious groups in the early stages of the campaign, following unfruitful negotiations.

In early 1977 several groups announced a national Campaign to Oppose Bank Loans to South Africa (COBLSA). Among the sponsors were Clergy and Laity Concerned (CALC), the American Committee on Africa, the Interfaith Center for Corporate Responsibility and Eighth Day Center for Justice. The spring 1977 annual meetings of Continental Illinois Bank and First National Bank of Chicago were picketed, protesting:

\*First Chicago's participation in a \$110 million multi-bank loan directly to the South African government.

\*Continental Illinois Bank's participation in loans to two South African government agencies, the Iron and Steel Industrial Corporation (ISCOR) (\$50 million) and the Electricity Supply Commission (ESCOM) (\$25 million).

In December 1977 five church groups (starred in list below) announced they were withdrawing their accounts from the banks in protest over loans to South Africa. They took this action after correspondence and meetings with Continental Bank and First National Bank management yielded no meaningful change in the banks' policies on South Africa. Others have more recently taken the same action. The withdrawals to date are listed below:

Withdrawals from First National Bank of Chicago:

Church Women United in Greater Chicago\*,  
Association of Chicago Priests\*,  
United Methodist Church—Northern Illinois Conference\*

Withdrawals from Continental Illinois Bank:

National Council of Churches\*,  
Chicago Disciples Union\*,  
United Church of Christ—Illinois Conference,  
United Church of Christ—Chicago Metro Association,  
McCormick Theological Seminary,  
Lutheran School of Theology at Chicago

### **Similar actions occurred around the nation.**

In early 1978 several shareholder resolutions were pending at major U.S. banks on the issue. In March 1978 Continental Illinois Bank, First National Bank, Citibank, Chemical New York Bank and Northwestern National Bank of Minneapolis announced they would not make new loans to the South African government. In virtually every case the statements were direct responses to shareholder resolutions and picketing. Citibank made its statement in its proxy materials as a reply to the shareholder resolution, and Chemical New York Bank used its new policy in a press release responding to picketing on March 21, 1978. First Chicago's March 14 statement said it would also halt loans to South African government agencies (Continental did not say that). First and Continental's announcements came in the context of upcoming shareholder resolutions on the subject.

A *second* round of activity came in the spring of 1980, again in response to heavy publicity, shareholder and governmental pressure. At that time a key issue was sales of the South African gold Kruggerand coin, an important economic aid source for the South African economy. In the spring of 1980 a shareholder resolution to First National Bank's parent company, First Chicago, noted that the bank in 1979 reported sales of over 70,000 of the coins, making it the largest seller of the coin in the midwestern United States. The bank agreed to halt over the counter sales of the Kruggerand according to a press statement and proxy materials in late February.

At that time legislation in the Illinois house regarding use of state funds in relation to bank lenders to South Africa had recently passed the subcommittee stage and was pending in committee. While not approved, it was adding to the publicity pressure surrounding the banks' policies on South Africa.

A third round came when CALC in early 1983 asked Chicago mayoral candidates to take a stand against banks which sell Krugerrand coins. Both major-party candidates agreed that city funds should be withdrawn from such banks. Three days after the election, First Chicago Corporation announced it would halt all dealings in the coins. In response to a question from the floor at the Continental Illinois annual meeting the chairman said that the bank had halted all Krugerrand dealings earlier in the spring.

The record of corporations regarding nonbanking investment in South Africa has proven much less susceptible to shareholder pressure. International Harvester rejected a shareholder request for special reporting on its South African operations, and Motorola in 1978 rejected a proposal to withdraw from South Africa. A key reason for these rejections was the absence of strong governmental pressure or adequate pressure from church, community, labor and Black organizations. What publicity existed was muted in the absence of any widespread knowledge about working conditions in South Africa, an issue Motorola specifically said it would work to improve via the Sullivan principles. Indeed, that announcement was a Motorola management response to the shareholder resolution proponents at the 1978 annual meeting.

While organizing efforts had not until recently forced specific policy concessions by major corporations on South Africa, they have often led to information disclosure by the corporations. This information has over the years led to increasing public knowledge about the role of U.S. corporations in South Africa and the lack of significant governmental policy change there. By the early 1980s there was a more general awareness that change was not occurring in South Africa, at least not on the part of the government, and this prepared the way for more action in regard to corporate investments there. These investments were understood by larger portions of the public to be ineffective in generating social change there. This enabled more general acceptance of the strategy of divestment to put pressure on companies.

## B. Divestment

Divestment of shareholdings in firms doing business in South Africa is becoming a better-understood strategy. Many colleges, labor unions, church groups and public pension funds have divested from such firms. The central impact of divestment is a recognition that the corporation's presence in South Africa is so damaging to the

cause of freedom in South Africa that the its stock is tainted. Divestment thus withdraws institutional support from the idea that these corporations can be a "progressive force." The clearest such withdrawal of support for investment has been the action of the Lutheran World Federation, which in 1977 said that

"Under normal circumstances, Christians may have different opinions in political questions. However, political and social systems might become perverted and oppressive so that it is consistent with the (Augsburg) confession to reject them and to work for change. We especially appeal to our white member churches in southern Africa to recognize that the situation in southern Africa constitutes a *status confessionis*. This means that, on the basis of faith and to manifest the unity of the church, churches would publicly and unequivocally reject the existing apartheid system."

Divestment actions have been taken at many of the leading academic institutions of the United States. In some cases divestment has been partial, applied not to all corporations operating there but just to those whose presence is particularly large or strategic. Divestment of over \$1 million in stock or bond holdings has occurred at each of the following universities:

- Amherst University
- Boston University
- California, U. of C. Berkeley
- Columbia
- Harvard
- Howard University
- Maine, U. of
- Eastern Michigan University
- Michigan State University
- Michigan, U. of
- Oregon State Schools
- Swarthmore
- Union Theological Seminary
- Vassar
- Wisconsin, U. of
- Yale
- UCLA Students Association

Complete divestment has been undertaken by:

- Antioch College
- Hampshire College
- Michigan State University
- Ohio University
- Massachusetts, U. of
- Oregon, U. of
- Wisconsin, U. of
- Reformed Church in America
- American Lutheran Church (voted but not done)
- American Friends Service Committee
- Retail Wholesale & Department Store Workers Union
- District 1199, National Union of Hospital & Health Care Employees

Divestment of public pension funds is a major issue because so much city and state pension fund money is invested in stocks and bonds of major firms. There have been major divestment moves undertaken already. The following cities have undertaken partial or total divestment:

City	Partial/total	Amount affected
Berkeley, CA	Partial	\$4.5 million*
Cotati, CA	Total	\$ .35 million
Hartford, CT	Partial (non-Sullivan)	
Wilmington, DE	partial	\$ .4 million
Gary, IN	partial	
Cambridge, MA	no new investment	
Grand Rapids, MI	partial	
Atlantic City, NJ	total	
Philadelphia, PA	partial	\$70 million*
District of Columbia	partial	\$70 million*

(\* = amount yet to be affected)

The State of Massachusetts passed a complete divestment bill on January 4, 1983 which would affect at least \$90 million worth of investments. The State of Connecticut in June 1982 enacted a partial divestment bill; as of July 30, 1983 the state had sold over \$39 million worth of investments and had \$274 million in investment yet to divest.<sup>1</sup>

The state divestment movement got a big lift when in the summer of 1983 Connecticut's Treasurer announced that the first \$20 million in divestments had profited the state \$4 million.<sup>2</sup> A very innovative study by Jennifer Davis of the American Committee on Africa collects further data on the positive experiences from major divestments. She cites a study showing that Massachusetts stood to *gain* \$2.3 million by swapping South Africa-related bonds for other bonds, and another study showing that Michigan State University profited at least \$2 million through its divestment.<sup>3</sup> Philadelphia's Treasurer reported *no losses* in implementing the first half of its divestment.<sup>4</sup>

## C. Coalition for Illinois' Divestment From South Africa

In view of the above results divestment has been seen by many groups around Illinois as a next step in the campaign against investment in South Africa. In 1983 these groups formed the Coalition for Illinois' Divestment from South Africa (CIDSa) to do ongoing work in support of divestment. Members of CIDSa include:

American Federation of State, County and Municipal Employees (AFSCME)  
 American Friends Service Committee  
 Black Press Institute  
 Bloomington and Normal Against Apartheid  
 Bobby E. Wright Comprehensive Mental Health Center  
 Champaign-Urbana Coalition Against Apartheid  
 Champaign-Urbana Women's International League for Peace and Freedom  
 Chicago Black United Communities  
 Chicago Clergy and Laity Concerned  
 Church in Society, Trinity United Church of Christ  
 Coalition of Black Trade Unions  
 Committee in Solidarity with the People of El Salvador (CISPES)  
 Dennis Brutus Defense Committee  
 Disarm Now Action Coalition  
 District 925, Service Employees International Union  
 8th Day Center for Justice  
 Evanston Progressive Students Committee  
 First Church of the Brethren  
 International Committee Against Racism in Sport (ICARIS)  
 Independent Voters of Illinois/Independent Precinct Organization  
 Latino Youth Staff  
 Lutheran Coalition on Southern Africa  
 National Alliance Against Racist and Political Repression/Chicago Branch (NAARPR)  
 National Anti-Imperialist Movement in Solidarity with African Liberation (NAIMSAL)  
 National Lawyers Guild  
 Northern Illinois Religion and Labor Coalition  
 Northwestern University Library Africana Collection  
 Peoria Task Force on South Africa  
 Social Concerns Committee, United Church of Rogers Park  
 Synapses  
 Toward Freedom, Inc.  
 Troubadour Press  
 TransAfrica, Chicago  
 United Electrical Radio Machine Workers Union  
 United Legal Workers, UAW  
 Wellington Avenue United Church of Christ Outreach Committee  
 Venceremos Brigade  
 Women United for a Better Chicago  
 Women's International League for Peace and Freedom, Chicago

It should be noted also that the Illinois State AFL-CIO voted in 1980 to

“endorse and join the campaign to withdraw accounts and pension funds from deposit in or control (by) banks involved in loans to South Africa, urging its member funds to do the same.”<sup>5</sup>

In 1983 CIDSA initiated legislation which would *require divestment by all municipal and public employee funds in Illinois*. This would divest the following funds:

*State teachers' retirement fund*

*State University retirement fund*

*Funds administered by the State Board of Investment, namely:*

General Assembly members pension fund

State judges' pension fund

State Employees pension fund

*Illinois Municipal Employees pension fund*

*nine City of Chicago and Cook County pension funds*

*511 other fire and police pension funds in the State of Illinois*

At the end of May, 1984, the bill was very narrowly defeated. The vote was 37 to 48, with 33 abstaining or absent. The closeness of the vote indicates CIDSA's effectiveness in reaching state representatives from Chicago (none of whom voted “no”) and in many downstate districts. The argument that divestment would endanger the pension funds was raised by opponents of the bill and will no longer be a fresh argument (and was never empirically valid). The Coalition for Illinois Divestment from South Africa plans to reintroduce legislation in 1985.

Divestment by Illinois would have a major impact on some of the Illinois-based firms in which state funds are invested. Overall, almost \$2 billion in investments in firms operating in South Africa would be affected by such legislation, out of the total funds valued at \$10 billion.<sup>6</sup> It is possible that the live prospect of state divestment would lead some state firms to announce policies precluding expansion in South Africa—policies which would reverberate in the South African press.

## D. Illinois Corporations Respond

Illinois corporate responses to South Africa pullout pressures are a microcosm of the overall U.S. corporate response. Replies range from statements that investments help blacks, to statements-in-mitigation citing community improvement projects aided by the firms, to appeals to “fair-employment” policies.

Citing its “nondiscriminatory” service, a Westin Hotels official wrote,

We believe Westin's presence in South Africa provides a substantial, positive influence upon the liberalization of the racial policies of the government.<sup>7</sup>

Westin thereby joins many firms in simply ignoring the fundamental homelands policy's effects on Blacks.

Caterpillar Corporation's South Africa policy statement goes even farther. After noting opposition to investment there it says,

We do not believe that such withdrawal by Caterpillar from South Africa would serve any useful purpose. Withdrawal would be harmful to our employees of every race and would eliminate the opportunity for peaceful change. . . we believe that business investments such as ours provide important benefits for Black South Africans. Caterpillar does not view such benefits as a substitute for political rights; but we strongly disagree that inadequate progress in the political arena somehow turns economic and other benefits into liabilities.<sup>8</sup>

That from a company that said it employed 1 Asian and 47 Africans of 82 total in South Africa.<sup>9</sup>

Many companies attempt to offset the lower wages paid to Blacks by saying that all workers in each job category are paid the same wage. One needs to ask in those cases for a breakdown of the number of persons of each race in each job category. Other companies point to educational projects they sponsor; these include American Hospital Supply Company and Abbott Laboratories which both support research at nonwhite medical schools. Caterpillar says it paid \$140,000 toward building a commercial high school and community center in Soweto (as part of a project supported by many corporations).

Other companies more directly turn a necessity into a token of change, by saying that they have in-house training programs, for nonwhite employees. Plant training programs were mentioned in letters or policy statements by American Hospital Supply Corporation, Caterpillar, Deere, FMC, International Minerals and Chemicals, Motorola and Searle.

Appeals to the Sullivan principles of fair nondiscriminatory employment were made by Abbott, American Hospital Supply Corporation, Dart & Kraft, Deere, and FMC. Ten of the companies in this study have not signed the Sullivan principles, according to published studies:



AM International  
Arthur Andersen  
Bell & Howell  
A.C. Nielsen (had signed but withdrew as signatory)  
Esmark  
GATX  
Maremont Corporation  
Searle  
UAL Incorporated (Westin Hotels)

Some companies' policies used confusing language. A policy statement by FMC Corporation used the word "minority" to refer to its nonwhite employees.<sup>10</sup> While Americans are used to using the word 'minority' to refer to nonwhites, in South Africa whites are themselves a minority group. FMC's nonwhite employees are all colored or Asian,<sup>11</sup> so they can also be called minorities; however, in our opinion this is somewhat confusing. (Africans are a clear majority among South Africans.)

Another surprise was the statement from Westin Hotels which says, "(W)e understand nonwhite unions are not permitted under local laws. . ." <sup>12</sup>

It is surprising that a firm managing hundreds of employees in South Africa would not be aware of government actions there which have legalized black trade unions.

Another approach is that of Searle:

. . . a nonwhite salesman has been promoted to provincial sales manager, a nonwhite production supervisor has been recruited and a nonwhite has been hired as a trainee pharmacist.<sup>13</sup>

International Minerals & Chemicals' policy is even less clear, though it says its employment practices in South Africa

. . . have served to advance our Black employees educationally, vocationally and socially.<sup>14</sup>

Deere's statement says that the implementation of the Sullivan principles

holds much promise for the improvement of the employment situation in all racial groups.<sup>15</sup>

While the above Illinois-based corporations maintain operations in South Africa, others have withdrawn. Encyclopedia Britannica, Stewart-Warner and Hammond all discontinued their sales or distribution offices in South Africa during the 1970s; U.S. Gypsum sold its operations. (However, U.S. Gypsum recently acquired Masonite, thereby once again becoming a major investor in South Africa.) Other non-Illinois corporations have done the same, including Chrysler Corporation. These actions show that corporations do have a choice in considering withdrawal or sales of their South Africa operations.

In one of the biggest corporate changes to date, Ford announced a multiyear plan to gradually reduce its equity in Ford/South Africa to 40%. The remainder will be held by Anglo-American Corporation, one of South Africa's biggest firms.

A recent summary of the divestment movement, in an article in the South African *Financial Mail*, said that

The call for US divestment from South Africa keeps intensifying. It keeps US corporations on the defensive. In fact, it may have prevented unknowable millions of dollars from flowing to the Republic (of South Africa).<sup>16</sup>

# TABLES

## A. South African Population, According to Government Racial Categories

Whites	4,500,000	16%
Coloreds	2,600,000	9%
Indians	821,000	3%
Blacks	20,900,000	72%
	<hr/>	<hr/>
	28,821,000	100%

Source: *South Africa Fact Sheet*, American Committee on Africa

## B. Distribution of Total Earned Income, 1981

Whites	58.7%
Coloreds	8.3%
Indians	3.3%
Blacks	29.4%
	<hr/>
	99.7%

Source: *South Africa Fact Sheet*, American Committee on Africa, quoting Barclays Business Brief, Barclays National Bank, Johannesburg.

## C. South Africa's Workforce by Race, 1981

Whites	1,945,000	18%
Coloreds	865,000	8%
Indians	260,000	3%
Blacks	7,527,000	71%
	<hr/>	<hr/>
	10,784,000	100%

Source: *Fact Sheet on South Africa*, American Committee on Africa

## D. Black Employment in South Africa

Skilled	659,373	9%
Production	1,278,000	18%
Laborers	1,229,550	17%
Domestics	1,000,000	14%
Farmworkers	3,024,000	43%
	<hr/>	<hr/>
	7,190,923	100%

### NOTES:

1. "Skilled" = administrators, managers, foremen, supervisors, artisans, apprentices, professional, clerical, sales, transport, service, semi-skilled workers.
2. Source: *Fact Sheet on South Africa*, American Committee on Africa, quoting "Annual Survey of Race Relations 1979" by South African Institute of Race Relations, quoting Riekert Commission report.
3. The earlier date for this data explains in part the discrepancy with the earlier table regarding total Black workforce.

# TABLE E

## U.S. Corporations in South Africa

*(defined as having a subsidiary having South African employees)*

AFIA Worldwide Insurance, NJ  
 AM International, CA  
 Abbott Laboratories, IL  
 Accuray Corp., OH  
 Air Express International, CT  
 Air Products & Chemicals, PA  
 Albi International, NY  
 Alexander & Alexander, NY  
 Allegheny Ludlum Industries, PA  
 Allegheny International, PA  
 Louis Allen Assoc., Ltd., CA  
 Allis Chalmers, WI  
 Amdahl, CA  
 American Airlines, TX  
 American Bureau of Shipping, NY  
 American Can, CT  
 American Cyanamid, NJ  
 American Express, NY  
 American Home Products, NY  
 American Hospital Supply Co., IL  
 Amer. Intl. Group Inc., NY  
 Applied Power Inc., WI  
 Armco, OH  
 Ashland Oil, KY  
 Associated Metals & Minerals, NY  
 Automatic Switch, NJ  
 Avery International, CA

BBDO Intl. Inc., NJ  
 Baker Intl., CA  
 Bandag Inc., IA  
 Ted Bates & Co., NY  
 Bausch & Lomb, NY  
 Baxter Travenol Labs, IL  
 Beatrice, IL  
 Bechtel Inc., CA  
 Beckman Instruments Inc., CA  
 Bell & Howell, IL  
 Black & Decker Mfg., MD

Boeing Co., WA  
 Borden, NY  
 Borg-Warner, IL  
 Born Inc., OK  
 Bristol-Myers, NY  
 Buckman Laboratories, TN  
 Bucyrus-Erie, WI  
 Bundy Corp., MI  
 Burroughs Corp., MI  
 Butterick, NJ

Card Key Systems, CA  
 Carman Industries, IN  
 CBI Industries, IL  
 CBS, NY  
 CIGNA Corp., NY  
 CPC Int'l  
 CALTEX (Standard Oil-Cal and  
 Texaco own it jointly), NY  
 Carnation Co., CA  
 Cascade Corp., OR  
 Caterpillar Tractor Co., IL  
 Celanese Corp., NY  
 Champion Spark Plug, OH  
 Chase Manhattan Corp., NY  
 Cheesebrough-Ponds, CT  
 Chicago Pneumatic Tool Co., NY  
 Citicorp, NY

Coca-Cola, GA  
 Colgate-Palmolive, NY  
 Columbus McKinnon, NY  
 Computer Sciences Corp., CA  
 Continental Grain, NY  
 Control Data, MN  
 Cooper Industries, Houston, TX  
 Corning Glass Works  
 Coulter Electronics Inc., FL  
 Crown Cork & Seal Co., PA

Dames & Moore, CA  
 Dana Corp., OH  
 D'Arcy McManus & Masius  
 Inc., MI  
 Darmex Inc., NY  
 Dart & Kraft Inc., IL  
 Deere & Co., IL  
 Deloitte, Haskins & Sells, NY  
 Deltak, MN  
 Diamond Shamrock, TX  
 Do-All Co., IL  
 Donaldson Co. Inc., MN  
 Dow Chemical Co., MI  
 Dow Corning Inc., MI  
 Dresser Industries, TX  
 Dukane Corp., IL  
 Dr. Pepper Co., TX  
 Dun & Bradstreet, NY  
 E I DuPont de Nemours Inc., DE

Eastman Kodak, NY  
 Eaton Corp., OH  
 Echlin Mfg. Co., CT  
 Ecolaire, PA\*  
 Emery Air Freight, CT  
 Emhart Corp., CT  
 Engelhard Corp., NJ  
 Envirotech Corp., CA  
 Erico Products, OH  
 Eriez Magetics, PA  
 Ernst & Whinney Intl., NY  
 Estee Lauder, NY  
 Euclid Inc., OH  
 Exxon Corp., NY

FMC Corp., IL  
 Federal-Mogul, MI  
 Ferro Corp., OH  
 Firestone Tire & Rubber, OH  
 Fisher Controls Intl.  
 Flow General, VA  
 Fluor Corp., CA  
 Foote Cone Belding, NY  
 Ford Motor Co., MI  
 Foster Wheeler Corp., NJ  
 Franklin Electric Co., IN  
 Fruehauf Corp., MI

GAF Corp., NY  
 GATX Corp., IL  
 Gang-Nail Systems Inc., FL  
 Gates Rubber Co., CO  
 Gelco Courier, MN  
 General Foods, NY  
 General Signal Company  
 Genl. Electric, CT  
 Genl. Motors, MI  
 Geosource Inc., TX  
 J. Gerber & Co., NY  
 A.J. Gerrard & Co., IL  
 Getz Corp., CA  
 Gillette Co., MA  
 Goodyear Tire & Rubber, OH  
 W.R. Grace & Co., NY  
 Grey Advertising, NY  
 Grolier Inc., CT  
 GTE Corp., CT

Heller Financial Inc.  
 Harper Group, CA  
 Harnischfeger Corp., WI  
 Hay Associates, PA\*  
 Hayes/Hill\*  
 Healthdyne, GA  
 Heinemann Electric, NJ  
 Heublein Inc., CT  
 Hewlett-Packard, GA  
 Honeywell Inc., MN  
 Hoover Co., OH  
 Houdaille Industries, FL  
 Hughes Tool Co.  
 Hydro-Air Engineering, MO

IBM, NY  
 Illinois Tool Works, IL  
 IMS Intl., NY  
 Ingersoll-Rand, NJ  
 Intl. Flavors & Fragrances Inc., NY  
 International Harvester, IL  
 Intl. Minerals & Chemicals, IL  
 Intl. Staple & Machine, PA  
 Intl. Telephone & Telegraph, NY  
 Interpublic Group, NY

John Fluke Mfg., WA  
 Johnson Controls Inc., WI  
 Johnson & Johnson Inc., NJ  
 S.C. Johnson & Son Inc., WI  
 Joy Mfg. Co., PA  
 JWT Group, Inc., NY

Kendavis Industries, TX  
 Kellogg Co., MI  
 Kimberly-Clark Corp., WI  
 Koehring Co., WI

L & M Radiator Co., MN  
 Leco Corp., MI  
 Libbey-Owens-Ford, OH  
 Eli Lilly & Co., IN  
 Loctite Corp., CT  
 Longyear Co., MN  
 Lubrizol Corp., OH  
 Lykes Bros. Steamship Co., LA

MGM Grand Hotels Inc., NV  
 McGraw-Hill, NY  
 McLean Industries, NY  
 McMillan Inc., NY  
 Maremont, IL  
 Marriott Corp., DC  
 Marsh & McLennan, NY  
 Martin Marietta, MD  
 Measurex Corp., CA  
 Medtronic, MN  
 Merck & Co. Inc., NJ  
 Metallurg Inc., NY  
 Midland-Ross Corp., OH  
 Millipore, MA

Mine Safety Appliances Co., PA  
 Minnesota Mining & Mfg. (3M), MN  
 Mobil, NY  
 Mohawk Data Sciences Inc., NJ  
 Monsanto Corp., MO  
 Motorola Inc., IL

NCR Corp., OH  
 Nabisco Brands Inc., NY  
 Nalco Chemical Corp., IL  
 Nat'l Education Corp., CA  
 National-Standard Co., MI  
 Natl. Starch & Chemical, NJ  
 Nat'l Utility Service, NY  
 Newmont Mining Co., NY  
 North Carolina Natl. Bank, NC  
 Norton Co., MA  
 Newton Co., MA

Oak Industries Inc., CA  
 Ogilvy & Mather Int'l, NY  
 Olin Co., CT  
 Opico Inc., AL

Pan American World Airways  
 Inc., NY  
 Parker Hannifin Corp., OH  
 The Parker Pen Co., WI  
 Pennwalt Corp., PA  
 PepsiCo Inc., NY

Pfizer Inc., NY  
 Phelps Dodge Corp., NY  
 Phibro Co., NY  
 Phillips Petroleum Co., NJ  
 Pizza Inn Inc., TX  
 Precision Valve Inc., NY  
 Preformed Line Products Inc., OH

Quaker Chemical, PA

Raytheon Corp., MA  
 Reader's Digest Assoc., Inc., NY  
 Redland Braas, PA  
 Revlon Inc., NY  
 Rexnord Inc., WI  
 R.J. Reynolds Industries (Del  
 Monte), NC  
 Richardson-Vicks Inc., CT  
 Robbins Co., WA  
 H.H. Robertson Co., PA  
 A.H. Robins Co., VA  
 Rohm & Haas Co., PA

Schering-Plough Corp., NJ  
 G.D. Searle & Co., IL  
 Simplicity Pattern Co., Inc., NY  
 Singer Co., CT  
 Sperry Corp., NY  
 Squibb Corp., NY  
 Standard Oil Corp., CA  
 Standard Oil of Ohio, OH  
 Standard Pressed Steel Inc., PA  
 The Stanley Works, CT  
 Stauffer Chemical Co., CT  
 Sterling Drug Inc., NY  
 Stone & Webster, NY

Stratoflex Inc., TX  
 Sybron Corp., NY

Tenneco, TX  
 Texaco Inc.  
 J. Walter Thompson, NY  
 Tidwell Industries, AL  
 Time Inc., NY  
 Timken Co., OH  
 Tokheim Corp., IN  
 The Trane Co., WI  
 20th Century Fox, CA  
 Twin Disc Inc., WI

Ual Inc., IL  
 Union Carbide Corp., NY  
 U.S. Gypsum, IL  
 U.S. Steel Corp., PA  
 United Technologies Inc., CT  
 Upjohn Co., MI

VF Corp., PA  
 Van Dusen Air Inc., MN

Warner Communications Inc., NY  
 Warner-Lambert Co., NJ  
 West Point-Pepperell Inc., GA  
 Westinghouse Electric, PA  
 Wilbur Ellis Co., CA  
 Wiley, John, & Sons

Xerox Corp., CT

This listing is derived from "IRRC  
 Directory of U.S. Corporations in  
 South Africa" by IRRC, 1319 F St.  
 NW, Washington, DC 20004, and  
 updates from IRRC: also the "List  
 of U.S. Firms and Affiliates for  
 South Africa," by the U.S.  
 Commerce Department.

SUBSIDIARY DATA given for firms in main list. The name on the right is the name of the subsidiary that has investments in South Africa. The name on the left is the parent corporation.

Dana Corp., OH	Warner Electric Brake & Clutch, IL
Beatrice, IL	Esmark, IL
Corning Glass Works	Dow Corning
Dow Corning	Dow Corning
Dun & Bradstreet, NY	Dun & Bradstreet itself
Dun & Bradstreet, NY	A.C. Nielsen
General Signal Co.	Leeds & Northrop
Healthdyne, GA	Narco Scientific
Kendavis Industries, TX	Unit Rig
R. J. Reynolds	Del Monte
Standard Oil, CA	Caltex
Standard Oil, OH	Kennecott
Texaco	Caltex
U.S. Gypsum, IL	Masonite, IL
Wiley, John, & Sons	Wilson Learning USP

## Foreign Firms Whose American Subsidiary Invests in South America

BAYER, West Germany	Miles Laboratories, IN
Alusuisse, Switzerland	Maremont, IL
Henkel, West Germany	Henkel, MN
Unilever, Netherlands	Natl. Starch & Chem., NJ
Nestle, Switzerland	Alcon Laboratories, TX
Fuji Bank, Tokyo	Walter Heller Overseas Corp.

Note. Pan American World Airways has suspended its service to South Africa and at least temporarily closed its offices there, according to the April 29, 1985 *New York Times*.

## TABLE F. TOP U.S. BANKS HAVING LOANS OUTSTANDING IN SOUTH AFRICA

### California

BankAmerica Corp.  
Crocker National Corp.  
Security Pacific Corp.

### Colorado

United Banks of Colorado  
Inc.

### Illinois

Continental Illinois Corp.

### Maryland

Maryland National Corp.

### Massachusetts

Bank of Boston Corp.  
Bank of New England Corp.

### Michigan

Comerica Inc.

### Minnesota

First Bank System Inc.

### New York

• • The Bank of New York Co.  
Inc.  
• The Chase Manhattan  
Corp.  
• Chemical New York Corp.  
Citicorp  
• J.P. Morgan & Co. Inc.  
Lincoln First Banks Inc.  
• Manufacturers Hanover  
Corp.  
Republic New York Corp.

### North Carolina

NCNB Corp.

### Pennsylvania

CoreStates Financial Corp.  
PNC Financial Corp.

### Rhode Island

Fleet Financial Group Inc.

### Texas

• • Republic Bank Corp.  
• • Texas Commerce  
Bancshares Inc.

### Wisconsin

1st Wisconsin Corp.

#### \*Additional data on Illinois banks:

First Chicago Corporation has no loans outstanding to South Africa's government, agencies, or private firms.

First Chicago Corporation, Harris Bank, and Northern Trust Company will consider loans to the private sector to finance trade with South Africa.

# TABLE TOP 20 INVESTORS IN SOUTH AFRICA

## PART 1: THE TOP TEN INVESTORS IN SOUTH AFRICA AMONG U.S. FIRMS

	Assets \$ millions	Sales \$ millions	Workforce
Mobil	400.	NA	3,342
Standard Oil — Ohio (Kennebott)	345.	NA	2,259
Caltex (owned by Standard Oil-CA & Texaco)*	334.	NA	2,238
Ford	230.	530.	6,673
Burroughs Computer	150. +	NA	563
General Motors	140.	320.	4,949
Goodyear Tire & Rubber*	97.	NA	2,510
US Steel (equity basis)	96.	NA	0
General Electric	93.	128.	852
Newmont Mining (equity basis)	86.	640.	0

U.S. Steel and Newmont have significant entities in mining firms. The asset figures listed represent their share of the South African firms' total worth.

NA = not available.

## PART 2: THE TOP TEN EMPLOYERS IN SOUTH AFRICA AMONG U.S. FIRMS

1. Ford Motor Co.	230.	530.	6,673
2. General Motors Corp.	140.	320.	4,949
3. Coca-Cola Co.	NA	NA	4,765
4. Mobil Corp.	400.	NA	3,342
5. U.S. Gypsum Co.	16.	29.	2,631
6. Goodyear Tire & Rubber	97.	NA	2,510
7. Standard Oil-Ohio (Kennebott)*	345.	NA	2,259
8. Caltex*	334.	NA	2,238
9. Allegheny International	NA	NA	2,025
10. IBM	NA	230.	1,793

## PART 3: SEVEN U.S. COMPUTER COMPANIES

IBM	NA	230.	1,793
NCR	40.	50.	584
Honeywell	25.	49.	192
Hewlett-Packard	NA	41.	246
Sperry	33.	32.	219
Control Data	44.	19.	313
Burroughs Computer	150. +	NA	563

Source for this page: Foreign Investment in South Africa, IRRC, unless marked (\*)

(\*) Source: American Committee on Africa

## H. LOANS OUTSTANDING TO SOUTH AFRICA, AS OF DECEMBER 1982

Item	Category	Amount	Sources
1.	U.S. banks' loans to South Africa	\$3.677 billion	A, B
2.	Loans to South Africa by banks in 13 other industrial nations	\$10.661 billion	Subtraction Item 1
3.	Total loans (U.S. and 13 other nations' banks)	\$14.338 billion	C

### Sources:

- A. *South Africa Fact Sheet*, American Committee on Africa, 1984.
- B. *Country Exposure Lending Survey*, Federal Reserve Board, late 1982, quoted in *The Debt Crisis and Credit Risk in Countries with Human Rights Abuses*, John Lind (CA: Northern California Interfaith Center on Corporate Responsibility, 3410 19th St., San Francisco, CA 94110), 1983.
- C. *The Maturity Distribution of International Bank Lending*, Bank for International Settlements, late 1983, quoted in Item 7. The 14 nations are U.S., United Kingdom, Belgium/Luxembourg, Canada, France, Federal Republic of Germany, Italy, Japan, Sweden, Netherlands, Switzerland, Austria, Denmark, Ireland.

**Note:** The reporting systems for Items B. and C. are such that country figures for the U.S. vary slightly, but subtraction still seems justified since the variance is under 5%. The data justifies saying that at that date *U.S. banks held over 25% of Western loan obligations of South Africa.*



**TABLE I.**  
**NUMBER OF WORKERS AT SOUTH AFRICA**  
**OPERATIONS OF ILLINOIS BASED FIRMS**

	NUMBER	% NONWHITE	SOURCE
Abbott Laboratories	140	45%	1
A.M. International	370	32	3
American Hospital Supply	16	43	2
Arthur Andersen	250	?	3
Baxter Travenol	886	80	2
Beatrice	255	?	2
Bell & Howell Co.	122	35	2
Borg-Warner	958	61	2
Caterpillar	82	59	1
CBI Industries	500	?	3
Dart & Kraft	200	70	1
Deere & Co.	490	62	1
Do-All Co.	NA	?	
Dukane Corp.	NA	?	
FMC	81	42	1
GATX	22	?	2
Gerrard, A.J., & Co.	NA	?	
Hayes/Hill Inc.	5	?	2
Illinois Tool Works Inc.	5	?	2
International Harvester	556	58	2
International Minerals & Chemicals	232	90	1
Maremont	584	?	2
Motorola	250	49	2
Nalco	199	?	2
Nielsen/Dun & Bradstreet	343	41	2
Searle, G.D.	70	50	2
Square D	32	?	1
UAL	1,035	74	1
U.S. Gypsum	2,631	About 90	3
Heller Financial Inc.	24	?	2
	10,361	56% to 75%	

**Sources:**

1. Letter from firm to CALC
2. *Foreign Investment in South Africa*, Investor Responsibility Research Center, 1985.
3. "U.S. Firms, Subsidiaries, and Affiliates in South Africa," Commerce Dept., November, 1982.

# TABLE J.

## SALES AND ASSETS ESTIMATES FOR SOUTH AFRICA SUBSIDIARIES & AFFILIATES

(\$ Millions)

(NA = Not Available)

	Type of Estimate Sales	Assets	Type of Estimate and Source	Sales Rank
Abbott Laboratories	14.6	14.1	11	9th
A. M. International	NA	NA	NA	NA
American Hospital Supply	3.3	1.3	2	17th
Arthur Andersen & Co.	NA	0.	NA	NA
Baxter Laboratories	2.4	5.2	2	18th
Beatrice	7.5	5.	4	12th (tie)
Bell & Howell Co.	7.5	NA	4	12th (tie)
Borg-Warner	63.	29.	2	2nd
Caterpillar	82.	22.	1	1st
CBI Industries	11.5	0.0	1	10th
Dart & Kraft	24.2	11.2	1	7th
Deere & Co.	57.	58.	3,2	3rd
Do-All Co.	NA	NA	NA	NA
Dukane Corp.	NA	NA	NA	NA
FMC	17.4	13.8	1	8th
GATX	NA	NA	NA	NA
Gerrard, A.J., & Co.	NA	NA	NA	NA
Hayes/Hill Inc.	NA	NA	NA	NA
Illinois Tool Works Inc.	NA	NA	NA	NA
International Harvester	48.	32.	4	4th
International Minerals & Chemicals	9.2	13.6	1	11th
Maremont	NA	6.8	4	NA
Motorola	43.2	9.7	4	5th
Nalco	NA	NA	NA	NA
Nielsen/Dun & Bradstreet	5.1	0.0	1	16th
Searle, G.D.	5.9	6.34	5	14th
Square D	5.7	NA	1	15th
UAL	1.83	0.0	4	19th
U.S. Gypsum	29.	16.	2	16th
Heller Financial Inc.	NA	NA	NA	NA

### Sources:

1. Based on percentage of the firm's total worldwide sales or assets; the percentage was given in a letter written by the firm to CALC.
2. *Foreign Investment in South Africa*, Investor Responsibility Research Center, 1985.
3. Dollar figure given in a letter written by the firm to CALC.
4. See text.
5. CALC estimate. See text.

# TABLE K.

## Headquarters of Illinois Firms Included in this Study

NOTE: Name given is name of the Chairman of the Board unless an asterisk (\*) follows

Robert Schoellhorn  
ABBOTT LABORATORIES  
14th St. & Sheridan Rd.  
North Chicago, IL 60064

Joe Freeman  
AM INTERNATIONAL  
200 E. Randolph Dr.  
Chicago, IL 60601

Mr. Karl Bays  
AMERICAN HOSPITAL  
SUPPLY COMPANY  
1 American Plaza  
Evanston, IL 60201

James L. LaBorde\*  
Managing Partner for Finance  
& Administration  
ARTHUR ANDERSEN &  
COMPANY  
69 West Washington St.  
Chicago, IL 60602

William Graham  
BAXTER TRAVENOL LAB. S  
1 Baxter Parkway  
Deerfield, IL 60015

James Dutt  
BEATRICE FOODS  
2 North LaSalle  
Chicago, IL 60602

Donald Frey  
BELL & HOWELL  
7100 McCormick Rd.  
Chicago, IL 60645

Mr. James Bere  
BORG-WARNER CORP.  
200 South Michigan  
Chicago, IL 60604

George Schaefer  
CATERPILLAR TRACTOR CO.  
100 N.E. Adams St.  
Peoria, IL 61629

Mr. William Pogue  
CBI INDUSTRIES  
800 Jorie Blvd.  
Oak Brook, IL 60521

Mr. John Richman  
DART AND KRAFT  
2211 Sanders Rd.  
Northbrook, IL 60062

Mr. Rowe  
JOHN DEERE CO.  
John Deere Rd.  
Moline, IL 61265

Michael Wilkie, Pres.  
DO-ALL CO.  
254 N. Laurel Ave.  
Des Plaines, IL 60016

J. M. Stone, Jr.  
DUKANE CORP.  
2900 Dukane Dr.  
St. Charles, IL 60174

Charles Moritz  
DUN & BRADSTREET  
299 Park Ave.  
New York, NY 10171

Robert Malott  
FMC CORP.  
200 E. Randolph  
Chicago, IL 60601

Mr. James Glasser  
GATX Corp.  
120 S. Riverside Plaza  
Chicago, IL 60606

Tony Tako, Pres.  
A. J. GERRARD & CO.  
400 E. Touhy Ave.  
Des Plaines, IL 60018

James Nichols, Chairman  
ILLINOIS TOOL WORKS, INC.  
8501 Higgins Rd.  
Chicago, IL 60631

Robert Hayes, Pres.  
HAYES/HILL INC.  
312 W. Randolph  
Chicago, IL 60606

Mr. D. Lennox  
INTERNATIONAL HARVESTER  
401 N. Michigan  
Chicago, IL 60611

Mr. D. Lennox  
INTERNATIONAL HARVESTER  
401 N. Michigan  
Chicago, IL 60611

Mr. Richard Lenon  
INTERNATIONAL MINERALS &  
CHEMICALS  
I.M.C. Plaza  
Libertyville, IL 60048

Byron Pond\*  
MAREMONT CORP.  
200 E. Randolph Dr.  
Chicago, IL 60601

Robert Galvin  
MOTOROLA  
1303 E. Algonquin  
Schaumburg, IL 60196

Orell Collins  
NALCO CHEMICAL CO.  
2501 Butterfield Rd.  
Oak Brook, IL 60521

Donald Rumsfeld  
G. D. SEARLE  
Box 1045  
Skokie, IL 60076

Dalton Knauss  
SQUARE D  
Executive Plaza  
Palatine, IL 60067

Richard Ferris  
UAL INC.  
P.O. Box 66919  
Chicago, IL 60666

Edward W. Duffy  
U.S. GYPSUM  
101 South Wacker Drive  
Chicago, IL 60606  
Acquiring Masonite (see part  
two); U.S. Gypsum has no other  
subsidiaries which have invest-  
ments in South Africa.

Heller Financial Inc.  
105 West Adams St.  
Chicago, IL 60603

Barry Sullivan  
FIRST CHICAGO CORP.  
1 1st Natl. Plaza  
Chicago, IL 60670

John E. Swearingen  
CONTINENTAL ILLINOIS CORP.  
231 S. LaSalle  
Chicago, IL 60693

Related corporations

Citicorp  
399 Park Ave.  
New York, NY 10043

Owns Citibank, which loans to South Africa. Owns Citicorp Savings (IL), a savings and loan association. (S&L's cannot loan overseas).

"South Africa: The Imprisoned Society," International Defense & Aid Fund, 104 Newgate Street, London EC1A 7AP, England. 1974.

*South Africa: Foreign Investment & Apartheid*, "Institute for Policy Studies, 1978.

"South Africa's Foot Dragging Vexes U.S. Companies," *Business Week*, Oct. 20, 1980, p. 58.

"The South African Army," *Armies & Weapons*, December 1978, p. 41.

"U.S. Dollars in South Africa: Context (Consequence)," by Jennifer Davis, *American Committee on Africa* (198 Broadway, New York, NY 10038), 1978.

"The U.S. and us," *Financial Mail* (South African weekly business magazine), March 18, 1983 p. 1207 (regarding Caterpillar general manager and American Chamber of Commerce in South Africa).

"U.S. Corporate Interests in Africa," report to the Senate Foreign Relations Committee, January 1978. By the Subcommittee on African Affairs, Dick Clark, Chairman.

"U.S. Corporations in South Africa: A Summary of Strategic Investments" #1-1980, by American Committee on Africa, 198 Broadway, New York, NY 10038.

*Working for Freedom: Black trade union development in South Africa throughout the 70s*, Ken Luckhardt and Brenda Wall. SACTU Solidarity Committee. Published by the Programme to the Combat Racism, World Council of Churches, 150 Route de Ferney, Geneva Switzerland, 1211 Geneva 20, Switzerland. Available from SACTU Solidarity Committee, Box 490, Postal Station J, Toronto, Ontario Canada M4J 4Z2). *Must reading.*

**TABLE L.**  
**Illinois Organizations with Programs**  
**on South Africa Investment**

**Clergy and Laity Concerned**  
173 West Madison, Suite 1108  
Chicago, IL 60602  
899-1800

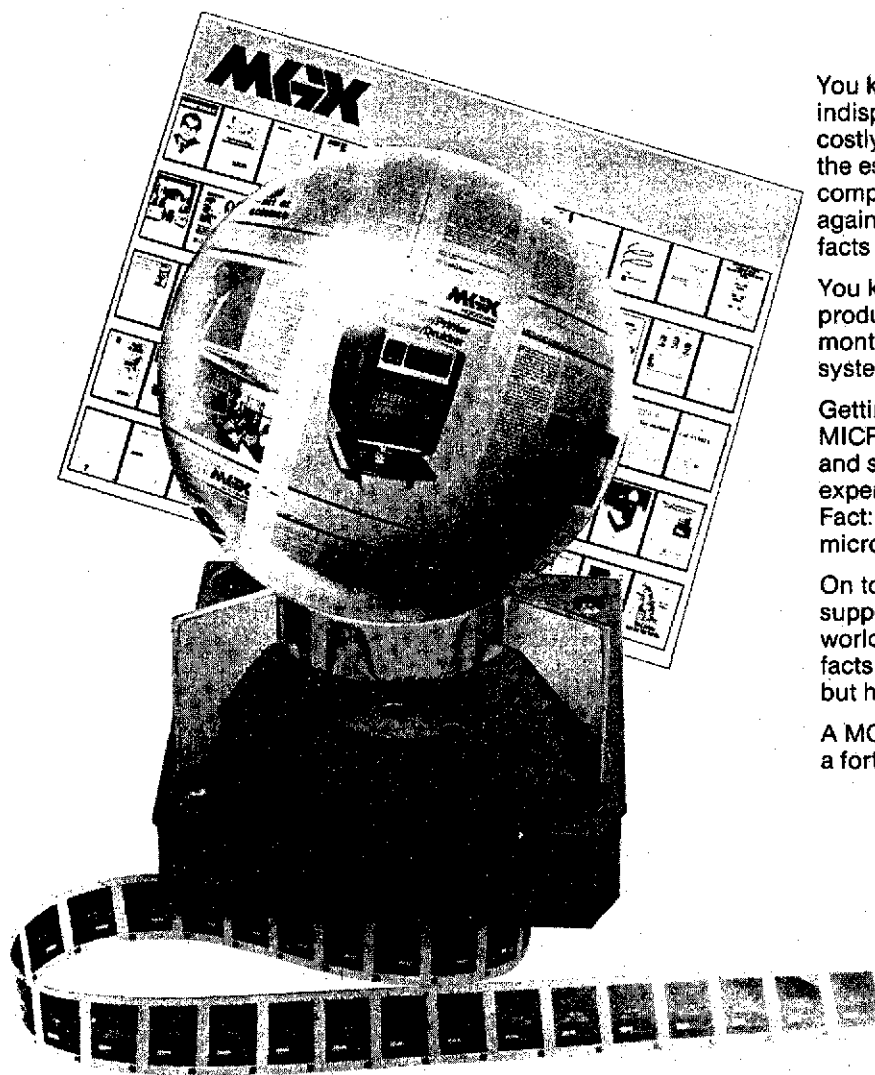
**AfricaNetwork**  
P.O. Box 59364  
Chicago, IL 60659

**CIDSA: Coalition for Illinois Divestment from S. Africa**  
343 S. Dearborn, #919  
Chicago, IL 60604  
922-3915

**Black Press Institute**  
Alice & Buz Palmer  
7917 S. Exchange  
Chicago, IL 60617

**TransAfrica**  
P.O. Box 49131  
Chicago, IL 60649  
Phone: (492-7684)  
(Cheryl Johnson)

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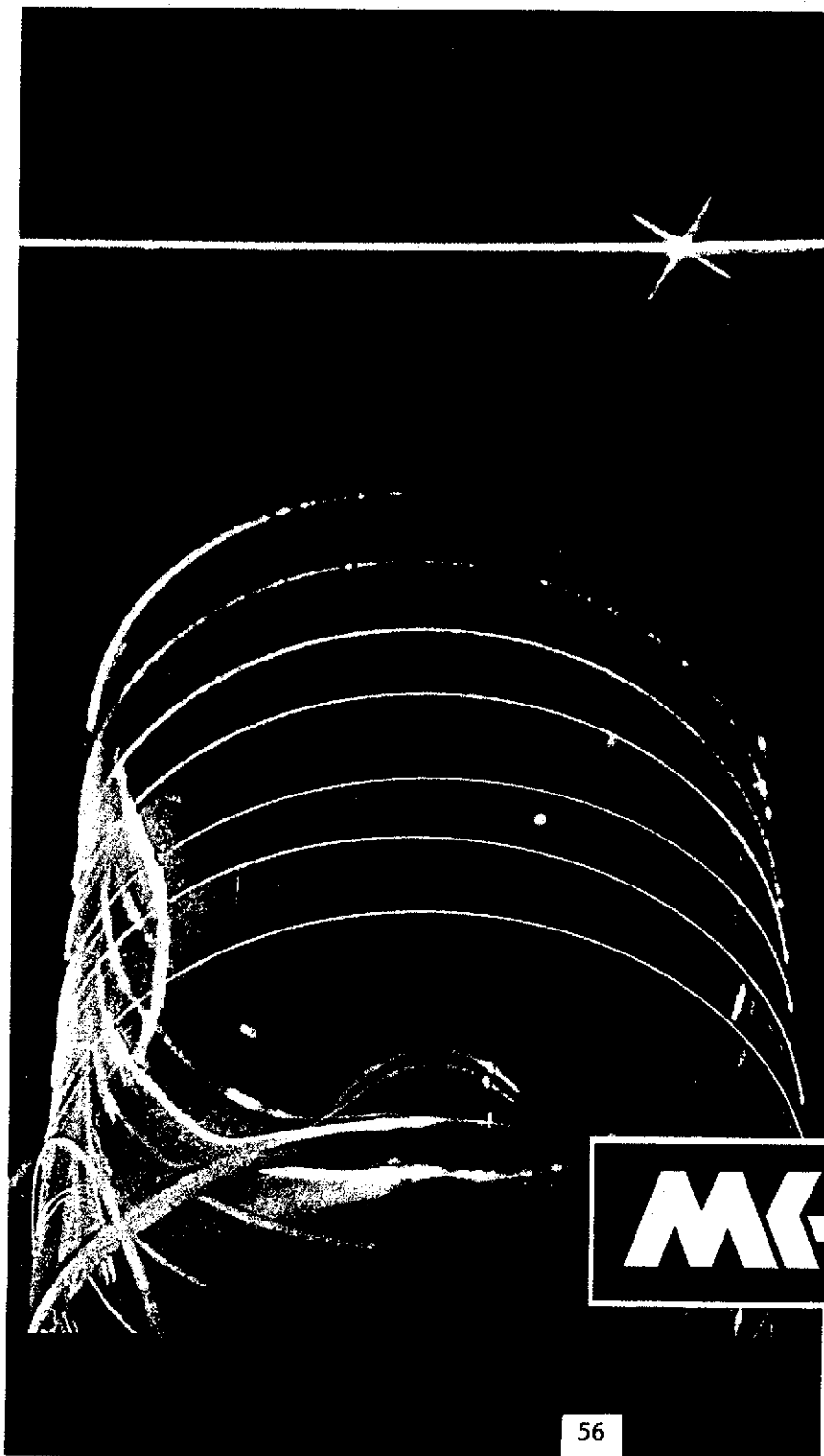
# MGX

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Tel: 28-6818, Telex: 422063 SA  
PRETORIA: 26-8468; 323-6337  
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56

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# INVESTING ANOTHER R10 MILLION IN SOUTH AFRICA.

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Now we've put our money where our mouth is with an investment of another R10 million to support our expansion in South Africa.

## INVESTMENT IN ASSEMBLY PLANT.

On Thursday, February 25th, after the final payment of R1.3 million in a total investment of R8 million has been made, the keys of the Pietermaritzburg Assembly Plant were handed over to the Managing Director of International Harvester South Africa, Mr. Noel "Nobby" Cock, by the Industrial Development Corporation.

This Assembly Plant, with a production capacity of 12 heavy duty vehicles a day, is one of the most modern in the southern hemisphere and serves as the cornerstone of International Harvester's future expansion in South Africa.

## INVESTMENT IN TRUCKS.

Throughout 1982 South African truck operators continued to invest in International trucks on an ever

increasing scale and sales of our products in the heavy duty category continued to reflect customer confidence.

Ask any one of nearly 2 000 operators who have purchased International Harvester trucks in South Africa in the past 24 months about our products. They will tell you that vehicles like the S-Line and T-Line are absolutely unbeatable in terms of reliability, fuel economy and keeping downtime to a minimum.

## INVESTMENT IN AGRICULTURE.

Over 3 000 South African farmers have invested in International Harvester agricultural equipment in the past 12 months. Ask them about our Axial Flow Combine, a world leader in technological development, which enables them to harvest more in less time, using less fuel than any other combine of comparable size.

Ask the farmers who bought our Early Riser Planters. They will tell you that they get faster, earlier planting and earlier rising crops than ever before.

Ask them about our high performance tractors which have sustained growth in market share in South Africa throughout 1982.

## INVESTMENT IN ADE.

In South Africa we are totally committed to supporting the ADE programme. Our trucks were the first in South Africa to be fitted with ADE engines and we were the first to place an order for ADE truck engines.

Our continued commitment to ADE is proof of our intention to keep investing in our future in South Africa.

## INVESTMENT IN THE FUTURE.

International Harvester have invested R20 million in South Africa in the past 3 years. We are making available to the South African market the best trucks and farming equipment in the world and our investment is positive proof of our plan to keep on building them here tomorrow.

The strength of our investment is a measure of our confidence in our customers and our future in South Africa.

## HERE TO STAY IN SOUTH AFRICA

# INTERNATIONAL HARVESTER



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Over the past 50 years Masonite Corporation of the U.S.A. has grown from a small workshop to an international organisation involved in afforestation, production, distribution, research, sales and service and Masonite has been part of the South African scene for many years. Our name has come to mean quality, service, reliability . . . and innovation.

Our products have grown with South Africa . . . and our products have helped change the face of South Africa.

Wherever you go, you will find Masonite products being used — decoratively, aesthetically, or in a vital industrial situation. Many of our products have technical properties which enable them to be used as alternatives to timber, plastics, asbestos, and metal sheeting, in engineering, building and farming.

We at Masonite (Africa) Limited are proud of the role we have played in the changing South African scene.



(PROMATAS) 02299



Deerfield, Illinois 60015  
Telex 724457  
Cable: Travenol  
Deerfield

June 7, 1983

Dear Mr. Watkins:

I have received the necessary information to answer the questions you asked in your letter to Mr. William Graham. The answers are as follows:

1. Can you list the cities in South Africa at which your company has offices (and its major manufacturing operations if any)?

Sabax (Proprietary) Limited is a wholly owned subsidiary of Keagrams Limited, a company incorporated in South Africa in which Adcock-Ingaram Limited (a quoted South African public company) has major shareholding and interest. Baxter Travenol Laboratories, Inc. has a minority shareholding in Keagrams Limited. Keagrams and Sabax have their joint head office and the plant established at Aeroton, Johannesburg. Sabax has branch depot and warehouse/distribution facilities in Cape Town, Durban, Port Elizabeth, Bloemfontein and Windhoek.

2. Has a non-white trade union asked for recognition by your South African subsidiary? If so, what has your response been?

Neither Keagrams nor Sabax has been approached for recognition by any trade union (neither white nor non-white) at company level. However, both Keagrams and Sabax participate in industry-wide negotiations with a number of trade unions representing workers of all races. In South Africa such an industry based labor relations structure is referred to as an "Industrial Council". The parties to our Industrial Chemical Manufacturing Association (an industry association of which we are an obligatory member), (2) representing workers, the South African Chemical Workers Union (union for blacks only, by its own choice), and the Chemical Workers Union (union for whites and non-whites). As such we recognize all unions, including non-white unions, but currently only deal with them on an industry association basis. None of the unions referred to above have approached the

Mr. Norman Watkins  
June 7, 1983  
Page -2-

management of Sabax or Keagrams for direct recognition, although they may have some members in our plant. Our employees have never voted to have the unions represent them despite the fact that they have complete freedom of choice to do so.

3. Does your company have a policy of investing or not investing further in its South African operations?

We have no fixed policy on this. Our decisions would be based on conditions at the specific time.

4. Is there a standard policy statement available from your office discussing your corporation's South Africa policies and employment advances there?

Attached is a letter from W. H. Gantz regarding South Africa policy and the two enclosures that he refers to. In addition, I have included excerpts from our normal reply to requests concerning our company and the Sullivan's Principles. The text follows.

Baxter Travenol Laboratories' involvement in South Africa consists of a minority ownership in a joint venture which manufactures and markets intravenous solutions and other health care products. Our joint venture partner, Adcock-Ingaram Pty. Ltd., a South African owned corporation, appoints the majority of the board of the joint venture and is in charge of its day by day operations. Baxter Travenol's role in the joint venture is to provide technological and product expertise.

Baxter Travenol does not oppose the Sullivan Principles but rather endorses them. However, we have decided against becoming a signatory because we would not have the authority to assure compliance by the joint venture. Even if we were the majority partner, we probably would not sign because we object to the reporting and inspection requirements which appear to be unduly burdensome and constitute an unnecessary outside interference. We also object to the fact that the Principles can be unilaterally changed after companies have become signatories.

Keagrams, which is the joint venture company, is one of the leaders in South Africa for improving the lot of non-whites by going beyond requirements of the Principles. Its exemplary conduct has been commented on by organizations in the past. In view of this, signing the principles would lead to no increased advancements for non-whites.

Citibank, N.A.  
60 Park Avenue  
New York, NY  
10043

Wilfred D. Koplowitz  
Vice President

May 15, 1985

Norman Watkins  
Human Rights Coordinator  
Clergy and Laity Concerned  
Suite 1108  
173 West Madison Street  
Chicago, IL 60602

Dear Mr. Watkins:

I will answer your questions in the order presented in your letter dated April 30, 1985:

1. Citibank, N.A. Ltd. has no loans outstanding at this time to the South African Government or its agencies. We will make no new loans to the Government or its agencies for the foreseeable future, that is, under present circumstances prevailing in South Africa.
2. Citibank, N.A. Ltd. does have loans outstanding to South African banks and businesses (the private sector) and will continue to make such loans. We endeavor to lend money in ways that benefit the entire population of the country. When lending to banks, it is always understood, and in most cases documentation supports the understanding, that such loans will be used by the obligor in the private sector.
3.
  - a) Citibank, N.A. Ltd. is not engaged in any business in the so-called "homelands."
  - b) The question is not clear, but we do make loans to non-South Africa based multinational firms for business in South Africa, all are in and for the private sector.
4. Citibank does not sell Krugerrands on either a wholesale or retail basis.
5. Citibank does not disclose its "total loan involvement" in South Africa since the amount involved is below the threshold of disclosure established by the Securities and Exchange Commission and other regulatory bodies. In other words, our cross-border exposure is less than 3/4 of 1% of total worldwide assets.

May I add a few observations about Citibank's overall approach to the troubled South African scene.

First, this corporation is firmly opposed to the apartheid system and finds it morally unacceptable and abhorrent. We have so stated publicly on many occasions, in general meetings of stockholders, in conferences, in proxy statements.

Second, as a charter signatory (one of 12) to the Sullivan Principles we have been extremely active in that program. We have received Top Category ratings each year since the evaluation system began, have seconded a Colored officer to the job of full time coordinator of the Principles in Johannesburg, chair two Task Groups and, in general, work hard to promote the Sullivan strategy.

Third, we devote many manhours and allocate considerable funds to social projects benefitting Black South Africans, both our own staff and in the community at large. We plan to expand these allocations significantly in the months to come.

Fourth, we are exerting a leadership role within the U.S. business community in its efforts, alongside South African business groups, to end the apartheid system.

Please do not hesitate to contact me if you have further questions. Citibank believes strongly that its continued presence in South Africa, and its participation on the ground in the reform process, is the correct and moral policy at this time. We do not wish to abandon our Black staff, our clients who include many in the front ranks of progressive forces, and our obligations to protect a business which cannot be maintained over the longterm without dramatic and early change in the socio-political system.

Sincerely,



Wilfred D. Koplowitz  
Director  
International Public Affairs

wdk/rlk

# DART & KRAFT

**Mardie MacKimm**  
Vice President  
Public Affairs

December 6, 1984

Mr. Norman Watkins  
CALC Staff  
Clergy and Laity Concerned  
173 W. Madison Street  
Chicago, IL 60602

Dear Mr. Watkins:

With regard to your inquiry about our two small operations in South Africa, I don't believe there have been any significant policy changes during 1984. Both Tupperware and Duracell continue to implement the Sullivan Principles to the extent they can, considering their size.

Employment has remained constant for a combined total of 200. The sales scale has diminished somewhat. In aggregate, these businesses accounted for 1/4 of one percent of total Dart & Kraft sales and less than 1/3 of one percent of assets in 1983.

With best regards for the holiday season.

Sincerely,

*Mardie MacKimm*

# DEERE & COMPANY

JOHN DEERE ROAD, MOLINE, ILLINOIS 61265 U.S.A.



21 December 1984

Mr. Norman Watkins  
Clergy and Laity Concerned  
173 West Madison Street, Suite 1108  
Chicago, Illinois 60602

Dear Mr. Watkins:

This letter is in response to your inquiry of November 21 for further information about our operations in South Africa. Since my letter to you of August 5, 1983, there have been no significant changes in the scale or policies of our operations there.

I am enclosing a copy of our most recent statement of our South African operations which indicates our current employment figures. Employment has decreased from 515 in mid 1983 to 490 in mid 1984. This decrease is due to the depressed conditions of the agricultural equipment industry in South Africa largely due to a three year drought which has devastated crop harvests. Sales decreased from the \$84 million 1982 figure to \$43 million in fiscal year 1983. Sales recovered a bit in the fiscal year ending October 31, 1984, to \$57 million. But because sales are being made at greatly discounted prices, our pre-tax loss increased from \$1.5 million in 1983 to over \$2 million in 1984.

I hope this information will be helpful to you in your work.

Sincerely,

Robert L. Anderson  
Manager, Public Policy Planning

jrn  
enclosure

James A McClung  
Vice President  
International

FMC Corporation  
200 East Randolph Drive  
Chicago Illinois 60601  
312 861 6025 Telex 25 5278

December 17, 1984

Mr. Norman Watkins  
Clergy and Laity Concerned  
173 West Madison Street, Suite 1108  
Chicago, Illinois 60602

Dear Mr. Watkins:

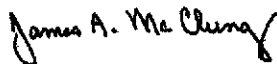
In response to your letter of November 21, 1984, there have been some changes in both the scale and policies of FMC's South African operations during 1984.

Our workforce has decreased from 92 employees to eighty-one (81) employees - 47 whites and 34 coloureds. Due to continuing drought conditions and a general recession in South Africa, our 1984 sales are essentially flat from last year.

Ongoing and additional efforts to implement the Sullivan Principles are being made with an increasing emphasis on community outreach efforts by local FMC management in South Africa. Enhanced involvement with U.S. organizations fostering and facilitating greater understanding of South African problems is also being heightened from our Corporate office.

We continue to oppose apartheid, but strongly believe the presence of American corporations has been a contributing and positive force for evolutionary change.

Sincerely,



James A. McClung

vz



# HAYES/HILL INCORPORATED

THE HAYES/HILL BUILDING, 312 WEST RANDOLPH STREET/CHICAGO, ILLINOIS 60606/312/984-5250

TELEX: 233468

February 5, 1985

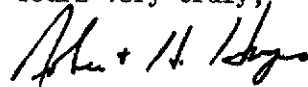
Mr. Norman Watkins  
Clergy and Laity Concerned  
173 West Madison Street  
Suite 1108  
Chicago, Illinois 60602

Dear Mr. Watkins:

Thank you for your January 23rd note regarding South Africa. Your information about Hayes/Hill Morris is not correct. However, since we are not breaking any law of either the United States or South Africa, nor discriminating against blacks, Asians, or any other minority group, we do not think our activities inside or outside South Africa are your concern.

I would suggest you publish what you wish, knowing that your information is incorrect.

Yours very truly,



Robert H. Hayes  
President

RHH/mls



**MOTOROLA INC.**

March 7, 1983

Mr. Norman Watkins  
Program Coordinator  
Clergy and Laity Concerned  
220 S. State Street  
Suite 2020  
Chicago, Illinois 60604

Dear Mr. Watkins:

Confirming our telephone conversations, I hope the following will assist in providing the information you requested:

1. Motorola's facilities in South Africa are in the Johannesburg area. There is a small alternator assembly facility and a small communications equipment assembly and office.
2. We were once contacted by a nonwhite trade union. Our employees were polled as to their interest and they had none. The union agent was so informed and that was the last of it.
3. Motorola does not have a policy of investing or not investing further in South Africa. The facilities have remained rather small over the years.
4. We have furnished shareholders the following information on our policies and employment advances there. Most questions relate to "Sullivan Principles."

Motorola's human relations policies and practices worldwide are, of course, incompatible with apartheid and we believe that our continued presence in South Africa, as well as other signatory companies, will serve as one catalyst to effect social change. It is our opinion that Motorola exceeds the requirements of the original Sullivan Principles. Our affirmative action programs in South Africa are active and regularly reviewed. The following may alleviate any major concerns on your part regarding Motorola's commitment to social progress:

continued....

Mr. Norman Watkins

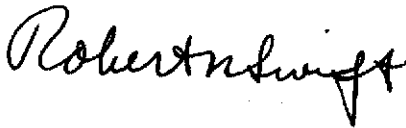
March 7, 1983

Page 2

1. All Motorola employee facilities are available to all races.
2. All company benefit plans are equivalent for both whites and nonwhites.
3. The company provides equal pay for equal work for all employees.
4. As of June 30, 1982, our minimum wage was improved to 40% above the minimum living level established for a family of five or six. The Sullivan level is established at 30%.
5. Since March 17, 1982, the company has expanded its training efforts as well as increasing significantly contributions for recreational programs primarily benefiting nonwhite employees. Donations of equipment have been made to a local clinic providing health care to our nonwhite employees.
5. With regard to sales to South Africa's police, Motorola has received a stockholders petition on that subject. Securities Exchange Commission proxy rules prohibit us from responding to you at this time. I will follow up your request so that as soon as we are permitted to respond we will.

I hope that in time, Mr. Watkins, we may be able to fully respond to your questions.

Sincerely,



Robert N. Swift  
Senior Vice-President and  
Corporate Director of Personnel

rmb



**MOTOROLA INC.**

March 26, 1985

Mr. Norman Watkins  
Clergy and Laity Concerned  
Metro Chicago Chapter  
173 West Madison Street  
Suite 1108  
Chicago, IL 60602

Dear Mr Watkins:

Thank you for your continuing interest with regard to Motorola and South Africa. I trust that the following responses will provide sufficient information to answer the questions raised in your most recent inquiry.

1. In October, 1984, we sold our Automotive and Industrial Electronics operation. This was a business decision based on our long term international strategy and follows the divestiture two years ago of our alternator manufacturing facility in Angers, France.
2. Although we do not release sales information on particular countries, we can state that our total sales in South Africa constitute less than five-tenths of one percent of total Motorola sales.
3. Our program related to the Sullivan Principles has been expanded in the social outreach area, and we are optimistic that a higher rating will be achieved.
4. Our total employment in South Africa is under 250 employees.

Sincerely,

Robert N. Swift  
Executive Vice-President and  
Motorola Director of Personnel

clb

c: Bob Galvin  
Jack Hickey  
Peter Lawson  
Jim Donnelly

## INTRODUCTION

- <sup>1</sup> *Apartheid's Refugees: Mass Removals in South Africa*, Mennonite Central Committee (21 S. 12th St., Akron, PA 17501), quoting American Population Relocation in South Africa by Gerry Mare.
- <sup>2</sup> *Ibid.*, quoting Mare.
- <sup>3</sup> South African Institute of Race Relations, *Survey*, 1976, 1977, 1978 editions.
- <sup>4</sup> *Ibid.*, 1979 edition, p. 464.
- <sup>5</sup> "Briefing paper #13-1984: Influx Control," by International Defense & Aid Fund, quoting data cited in Parliamentary debate in South African House.
- <sup>6</sup> *One Step... in the Wrong Direction*, Elizabeth Schmidt (New York City: Episcopal Churchmen for South Africa, 853 Broadway 10003), March 1983.
- <sup>7</sup> "Agents for Change," Rev. Leon Sullivan, in "Law and Policy in International Business," Volume 15, Number 2, 1983.
- <sup>8</sup> "Economic Disengagement and South Africa," Cason, Davis, and Hovey, in "Law and Policy in International Business," Volume 15, Number 2, 1983.
- <sup>9</sup> *Ibid.*

## PART I

- <sup>1</sup> *Relocations*, report (1984) by South African Council of Churches and Southern African Catholic Bishops' Conference, quoted and excerpted in: *Africa News*, May 21, 1984, page 6.
- <sup>2</sup> *Rand Daily Mail*, February 28, 1984.
- <sup>3</sup> *Daily News*, February 29, 1984, quoted in Fact Sheet on South Africa, by American Committee on Africa. (Daily News quoting South African government figures.)
- <sup>4</sup> *Fact Sheet on South Africa* by American Committee on Africa (NY: 198 Broadway, 10038), 1984 edition.
- <sup>5</sup> *Ibid.*, quoting Johannesburg *Star*, May 14, 1983.
- <sup>6</sup> "Human Rights Violations in Apartheid South Africa," American Committee on Africa, (NY: Broadway, 10038), 1983.
- <sup>7</sup> *Africa News* (NC: Box 3851, Durham 27702), Jan. 4, 1982, p. 10, and *Fact Sheet on South Africa*, ACOA, op. cit.
- <sup>8</sup> Riekert Commission report, cited in "Annual Survey of Race Relations 1979" by South African Institute of Race Relations, later cited by *Fact Sheet on South Africa*, ACOA, op. cit.
- <sup>9</sup> *Works in Progress*, issue 29, by South Africa Review Service.
- <sup>10</sup> *Briefing Paper 9/83*, International Defense & Aid Fund, (MA' Box 17, Cambridge, 02138).
- <sup>11</sup> *Ibid.*
- <sup>12</sup> *Fact Sheet on South Africa*, ACOA (1982 edition), op. cit.
- <sup>13</sup> *Chicago Defender*, April 14, 1984, p. 2.
- <sup>14</sup> PCR Reports, "The Churches' Involvement in Southern Africa," 1982/✓14, pp. 41-42 (Programme to Combat Racism of the World Council of Churches, 150 Route de Ferney, 1211 Geneva 20, Switzerland).

<sup>15</sup> *The Christian Century*, Feb. 20, 1985, p. 17.

- <sup>16</sup> "Dollars for Apartheid," Cason and Fleishmann, "Multinational Monitor," November 1981, quoting State Department cable, "Investment in South Africa: The Hidden Pieces."
- <sup>17</sup> "South Africa: Questions and Answers on Divestment," American Committee on Africa, 1984.
- <sup>18</sup> See appendices B and C; for other firms not listed there, see *Foreign Investment in South Africa*, Investor Responsibility Research Center, 1984.
- <sup>19</sup> *Rand Daily Mail*, October 6, 1983, Business Day section.
- <sup>20</sup> "Dollars for Apartheid," Cason and Fleishmann, op. cit.
- <sup>21</sup> "Banking on Apartheid," Carole Collins, "Multinational Monitor," April 1983.
- <sup>22</sup> "U.S. Data Processing Corporations are Supplying South Africa. . .," *Multinational Monitor*, April 1982.
- <sup>23</sup> "U.S. Corporations in South Africa: A Summary of Strategic Investments," American Committee on Africa, 1980.
- <sup>24</sup> *U.S. Corporate Activities in South Africa: Hearings and Markup*, (hearings before the subcommittees on international policy and trade, and on Africa, House Foreign Affairs Committee, Sept. 24, Oct. 15, Oct. 22, 1981, May 18 and June 10, 1982), p. 156, testimony of Randall Robinson.
- <sup>25</sup> "South African Divestment Drive has U.S. firms worried," *Washington Post*, Dec. 2, 1984, p. F5.
- <sup>26</sup> "U.S. Coal Industry and South Africa," Washington Office on Africa.
- <sup>27</sup> U.S. ownership of 25% of mining stocks: State Dept. cable, op. cit.; U.S. Steel and Newmont data: *Foreign Investment in South Africa*, Investor Responsibility Research Center.

## PART II FOOTNOTES

See the end of the listing of each firm in Part II for footnotes.

## PART III

- <sup>1</sup> "Citicorp is First U.S. Bank Known to Plan Loan to South Africa since its 1976 Riots," *Wall Street Journal*, Sept. 24, 1980, p. 34.
- <sup>2</sup> Continental Bank Policy Statement read at 1982 annual shareholders meeting, reaffirmed in a letter to CALC, April 13, 1983.
- <sup>3</sup> "Investment in South Africa: The Hidden Pieces," State Department cable, 1983.
- <sup>4</sup> *South Africa: Foreign Investment and Apartheid* by Litvak, McTigue, DeGrasse, Institute for Policy Studies (DC: 1901 Que St. NW, 2000), 1978, pp. 58-59.
- <sup>5</sup> *Ibid.*
- <sup>6</sup> U.S. Bank Loans to South Africa by Klein, (NY: Corporate Data Exchange, 198 Broadway 10038), p. 6.

<sup>7</sup> Since private firms in South Africa can generally find financing within the country for plant expansion or other fixed investment.

<sup>8</sup> 1983 Annual Report of Continental Bank, p. 27.

<sup>9</sup> Letter to CALC, April 13, 1983.

<sup>10</sup> "Bank Loans to South Africa, 1979-mid 1982" by Klein (NY: UN Center Against Apartheid, 1982).

<sup>11</sup> *Ibid.*

<sup>12</sup> Letter to CALC, February 15, 1984.

<sup>13</sup> Harris Bank policy statement sent to CALC in January 1984.

<sup>14</sup> Northern Trust Bank letter to CALC, May 27, 1982.

<sup>15</sup> Exchange National Bank letter to CALC, December 26, 1979.

## PART IV

<sup>1</sup> *Financial Consequences of Divestment from South Africa*, Jennifer Davis (NY: American Committee on Africa), November 1983.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

<sup>4</sup> *Ibid.*

<sup>5</sup> AFL-CIO of Illinois, minutes of 23rd annual convention, resolution #107.

<sup>6</sup> Estimates from Coalition for Illinois Divestment from South Africa.

<sup>7</sup> Letter to CALC, May 19, 1983.

<sup>8</sup> Caterpillar Corp. statement of South Africa policy.

<sup>9</sup> *Ibid.*

<sup>10</sup> "FMC in South Africa: 1982 policy," enclosed with letter to CALC from FMC, letter dated April 28, 1983.

<sup>11</sup> FMC letter to CALC, April 28, 1983.

<sup>12</sup> Westin letter to CALC, May 19, 1983.

<sup>13</sup> Searle letter to CALC, April 15, 1983.

<sup>14</sup> I.M.C. letter to CALC, March 29, 1983.

<sup>15</sup> Statement, "Deere South African Operations," enclosed with Deere letter to CALC, February 5, 1983.

<sup>16</sup> Financial Mail, Feb. 1, 1985, p. 37.

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  - "Fact Sheet on South Africa," 1980 and 1984 editions, 4 pages.
  - "Black Trade Unions in South Africa," 8 pages.
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  - "Questions and Answers on Divestment," 4 pages.
  - "The Sullivan Principles: A Critical Look."
  - "The Sullivan Principles: No Cure for Apartheid," statement by prominent leaders.
  - "South Africa: Questions and Answers on Divestment."
- "*Africa News*, Box 3851, Durham, NC 27702. Published twice a month.
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(December 1983 issue and other issues)
- Episcopal Churchmen for South Africa*, 853 Broadway #1005, New York, NY 10003.
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  - "Church Proxy Resolutions," published annually, about \$5 pp.
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  - "Rands for Racism: The Marketing of South African Krugerrands."
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  - "Motorola Company," (1983 Analysis E supplement #6).
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- Multinational Monitor*, 1346 Connecticut Ave., NW, Washington, DC 20036.
- "Dollars for Apartheid," November 1983 issue.
  - "Caterpillar packs up Ohio plant and moves to Korea," July 1983 issue.
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- South African Institute of Race Relations*, P.O. Box 97, Johannesburg, South Africa.
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- South Africa Review Service*, P.O. Box 93174, 2143 Yerville, South Africa.
- "Works in Progress," periodical, especially issue 29.
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- March 4, 1983, supplement to Financial Mail, article, "Ten Dynamic Years."
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Richard L. Nelson  
Vice President

Public Relations  
Suite 0589

June 17, 1985

Mr. Norman Watkins  
Clergy and Laity Concerned  
1743 West Madison Street  
Suite 1108  
Chicago, Illinois 60602

Dear Mr. Watkins:

Thank you for your inquiry concerning the policies of First Chicago Corporation regarding business dealings in South Africa.

As a matter of corporate policy, The First National Bank of Chicago, principal subsidiary of First Chicago Corporation, does not make loans to the government of South Africa, or to parastatal agencies. The bank's last lending commitment to the government or an agency was initiated in 1976, and no such loans are on the books of the bank at the present time.

The bank does not own or operate any branches in South Africa.

The corporation's 1982 proxy statement to stockholders reaffirmed the belief of the Board of Directors and management that South Africa's system of apartheid is morally repugnant. In keeping with this belief, The First National Bank of Chicago will extend credit to multinational corporations domiciled in South Africa only if those corporations subscribe to the Sullivan Principles or the European Economic Community Code of Conduct. That is, the corporations must subscribe to equal employment and affirmative action practices that prohibit discrimination against non-whites in South African facilities.

Currently, the bank's only South African business relationship is a line of credit with another bank to facilitate local transactions with U.S.-based multinational corporations.

Finally, the bank does not engage in the wholesale or retail sale of the Krugerrand coin.

I hope this is helpful. Do not hesitate to contact me if you need additional information.

Best regards,



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RLN:dfs

cc: Barbara B. McNear

*"A very thorough job."*

—Rev. Tim Smith, Executive Director  
Interfaith Center on Corporate Responsibility

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—Bishop Jesse R. DeWitt,  
Northern Illinois Conference,  
United Methodist Church

*"...A guide that will be useful to churches, trade unionists, legislators, educators, and others interested in gaining a better understanding of this vital issue."*

—from the foreword by  
Congressman Charles Hayes

*Profits & Prejudice* is a new study of investment in South Africa. It was prepared by Clergy and Laity Concerned staffperson Norman Watkins. The study includes: an introduction to the situation inside South Africa, a discussion of the divestment movement, a complete listing of US firms investing in South Africa and case studies of all 25 Illinois firms investing in South Africa. The case studies are based on direct correspondence with the firms.

Clergy and Laity Concerned is an interfaith organization of people working for peace and justice, with 45 chapters and action groups in 31 states and with 25,000 members and supporters working for a just society and a peaceful world.



Clergy and Laity Concerned

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