

## SUGGESTED CORPORATIONS FOR CONCENTRATION

The criteria for choosing certain corporations for concentration in campaigns seeking withdrawal from involvement in southern Africa are essentially few in number. The most important obviously are:

1. The corporations should be involved in some significant way in southern Africa.
2. The corporations should lend themselves to campaign strategies by those who oppose U.S. economic involvement in southern Africa.

Since there are several hundred U.S. corporations involved there must be some limitation on the number of corporations serving as campaign targets at any particular time. Our resources are not so great as to allow us to take on too many corporations at one time.

In the suggested corporations listed below, several are proposed as targets because they are involved in production and employ a significant number of workers. These include the automobile, oil and rubber corporations. A second group such as I.B.M. and Holiday Inn are supplying a service which is particularly offensive in bolstering apartheid. A third category, such as Gulf, highlight U.S. support of Portugal. A final category includes one company most deeply involved in Namibia.

I have added Polaroid because of the symbolic importance of its approach to South Africa. Also because of the unique way Polaroid's involvement has been publicized in the U.S. through the Polaroid Revolutionary Workers Movement.

Therefore, for our consideration and discussion, ten companies are listed as targets for our campaigns. The brief description of these companies is for the most part drawn from already available information and does not represent new research.

### I. General Motors

In 1969, General Motors, with a total South African investment of \$125 million, sold 31,701 cars and 11,314 trucks, representing 17.8 per cent of the South African car market and 14.4 per cent of the commercial vehicle market. It started with an assembly plant in Port Elizabeth in 1926 and has been ahead of government demands for local content in its assistance to apartheid's drive for self-sufficiency. In 1968 G.M. produced what was hailed as the "first South African car," the Ranger, with 55 percent local content. The "local content" drive also spurs supply industries like steel and rubber, and strengthens the whole economy. G.M. employs 5,500 workers of whom 3,500 are nonwhite. The starting rate for Africans and Coloureds at the G.M. engine plant is 52 cents an hour or \$83 a month. A semiskilled worker, usually a Coloured, receives 70 cents to \$1 an hour. Machine setters and changers, mostly whites, earn \$1.40 to \$2. A skilled artisan, white, makes \$2.10 up an hour. Although G.M. has tried to upgrade nonwhites to fill vacancies left by whites, to meet the labor shortage, it also actively encourages white emigration from Europe to take the skilled jobs.

### II. Ford

Ford was first of the U.S. motor industry in South Africa, arriving in 1924; it is a wholly owned subsidiary of Ford of Canada which is 81 per cent owned by Ford U.S. In 1969 Ford sold 37,831 cars (21.3 per cent of the South African car

market) and 11,645 commercial vehicles, 19.3 per cent of the South African motor vehicle market. Ford's total investment in South Africa is \$63 million, including three plants and a proving ground, all near Port Elizabeth. Ford balanced G.M.'s contribution toward self-sufficiency by initiating an export drive; in 1968 Ford South Africa sent 35,000 engine blocks to Ford England. Ford employs 420 people in its engine plant, 200 whites and 220 Africans; and 4,000 in its assembly plant, 1,000 whites and 3,000 Coloureds. This voluntary restriction to two races saves Ford a considerable amount on provision of separate facilities as well as strengthening apartheid. Jobs at Ford are divided into twelve grades and wages start at 56 cents an hour. The highest position a nonwhite (a Coloured) can reach is grade 7 which pays 98 cents to \$1.12 an hour. Grade 12, whites only of course, pays up to \$3.50 an hour. Ford also encourages the immigration of skilled workers from abroad.

### III. Mobil

Mobil Oil operates through two subsidiaries in South Africa; Mobil Oil Southern Africa Pty. Ltd. and Mobil Refining Company Southern Africa Pty. Ltd. It controls 20 per cent of the marketing and refining there. Mobil has a refinery in Durban which is currently undergoing a massive expansion program involving an expenditure of \$28 million. This refinery produces 55,000 bbpd and will expand to 92,000 bbpd by 1974. Mobil has other facilities in Natal, Isando and Cape Town, and there are Mobil dealerships, with service stations, throughout South Africa. Annual sales have been placed at \$160 million. In 1966 Mobil and Shell financed the building of a 100,000 gallon oil depot at Mossina in the northern Transvaal near the Rhodesian border thus helping Rhodesia avoid fuel sanctions. Mobil also participates in a consortium of companies exploring for oil off shore East London in a 1,833 sq. mile concession. Drilling began in the summer of 1970.

Mobil employs 1,970 whites and 1,250 nonwhites in South Africa with jobs classified according to race. A starting wage for a nonwhite employee is \$13-\$19 per week in the lowest grade 1 position, while at the highest grade 8 level where there are very few nonwhites, the weekly wage is \$56 per week. Mobil officials in South Africa cite law, "government concepts and attitudes" plus "well-established customer and employee attitudes" as reasons for racial employment and wage patterns. (Interview, W.F. de la Back, Managing Director, and William Greenwood, Employee and Personnel Relations Director, Mobil, South Africa, 1970.). Mobil has no union, and admits that no nonwhite worker can supervise a white or even have "direct business dealings with whites." It is worth noting here that Mobil executives in South Africa were far more frank, in interviews, about the real impossibility of up-grading large numbers of black workers than are executives based in America. The company trains Africans to work in Bantustans. It also subscribes to the South Africa Foundation.

In Portuguese Africa, Mobil built a \$500,000 storage and processing plant in Angola, and distributes fuels there and in Mozambique. It has been reported that Mobil is interested in building a refinery in Mozambique at Nacala, where rumors have it the U.S. is planning to establish an Indian Ocean naval base. Mobil advertisements have been placed in the Portuguese Army's journal, and one read that Mobil "has been participating with pride in the fight for Angola, striving to assure the supply of fuel and lubricants to the Armed Forces." (Jornal do Exército, 11-12, 1964)

Mobil also has a sales operation in Namibia.

#### IV. Firestone

Wholly owned by Firestone, U.S.A., Firestone South Africa Pty. Ltd., the leading tire manufacturer in that country, first was registered as a distributorship in 1930 and began production of tires in its Port Elizabeth plant in 1936. In 1940 the first of four expansion programs was started when a new wing was added to the Port Elizabeth factory. A second wing was added in 1945, followed by a major expansion program in 1952 to construct yet two more wings. More recently Firestone announced the opening of a \$518,000 earthmover tire plant, the first part of a larger \$7 million expansion program.

Working in complete cooperation with the South African government, Firestone recently announced plans to build a \$10 million factory on 34 acres in the Transvaal west of Pretoria. This Brits plant is reported to be in a border area. It is hoped that the plant will be fully operating in 1971 with an initial output of 600 tires per day. During the ten years, 1959-1968, total requirements in South Africa increased from 1.9 million to 3.1 million tires. Mr. C.E. Ehrett, Firestone's managing director, anticipates an annual requirement of well over 5 million tires in ten years' time.

As of April, 1969, Firestone employed 1550 people and according to their reports, "40 per cent...were European and 60 per cent non-European." They claim that their wages and pensions are "competitive" for their area.

#### V. International Business Machines, Inc.

I.B.M. has been in South Africa since 1952, primarily as a marketing operation, through a wholly owned subsidiary, I.B.M. South Africa Pty. It employs 1,000 people of whom 75 are nonwhites including 50 blacks. Its growth rate is so strong that I.B.M. has invested an additional \$3.42 million in the local company in the past year, nearly doubling its capitalization, now \$8.4 million. I.B.M.'s computer 360/50 is the key tool in South Africa's new identification system which registers every inhabitant from birth and requires an identity document containing much personal information. This extension of police state surveillance from Africans, who have been required to carry such passes since 1952, to the entire population will make racial classification and control more efficient. I.B.M. also supplies computers for South African Airways, the National Research Institute for Mathematical Sciences, and a large banking system. The use of computers continues to grow and may help South Africa resolve its induced skilled labor shortage within the apartheid system.

#### VI. First National City Bank

The First National City Bank of New York (South Africa) Ltd. is a wholly owned subsidiary, was established in 1958 and had 7 branches operating by mid-1971, (Capetown, Johannesburg, Durban, Isando and Port Elizabeth). The Bank has operated in South Africa as a regular commercial bank, providing all services including loans, deposits and exchange transactions to individuals, corporations and commercial customers.

In addition, First National City was a participant in the consortium of 10 U.S. banks which made available to South Africa a \$40 million revolving loan, the subject of the so-called "Bank Campaign" here in the U.S. 1966-69; this loan was finally withdrawn in 1969. First National has also unilaterally extended loans to the South African Government, including a \$5 million loan to the Industrial

Development Corporation in 1961, at the time of the post-Sharpeville crisis.

Donald J. Cohen, Vice President of First National City Bank in New York recently said, "Nonwhites constitute 11% of total staff (in South Africa) and 6% of clerical staff. The supervisors of our Printing Dept. and Mail and Stationery Dept are nonwhites." He prefaced this by saying, "While it is not possible to operate in a given foreign country in contravention of that country's laws, it is sometimes possible to secure a larger measure of social justice." [our emphasis]

First National has begun to develop its arguments in response to the social responsibility attack. Its argument at present has been succinctly put by Cohen as follows:

"Although our sole motivation for having established, and for maintaining, a subsidiary in that country, as in any other, is that the financial services we provide are wanted and needed there, we also believe that desirable change is more likely to be obtained by building from within rather than by criticizing from a remote and "uninvolved" position, removed both from effective participation in the community and from the concern of the community's leaders."

#### VII. Holiday Inn

Amalgamated Hotels of South Africa pays for a franchise from Holiday Inns of America. Plans for a series of Holiday Inns in southern Africa were first announced in late 1969, by mid-1971 there were four such Inns in South Africa and others in neighboring territories. The Inns are obviously geared to the rapid expansion of a white tourist market. Most important is the Holiday Inn now operating in Jan Smuts Airport, Johannesburg. This was built with government aid and was granted government dispensation allowing it to accomodate "persons of all races," though by August, 1971 after two months operation, less than 3% of its business was black. The location of the Inn at the airport is convenient for the government, as it saves embarrassment with an increasing number of African statesmen and businessmen forced to pass through Johannesburg en route to areas in independent Africa. Black South Africans are not admitted. Holiday Inns America has shown itself aware of possible action here by refusing to advertise its South African Inns in the United States.

#### VIII. Polaroid

Polaroid has business activity amounting only to \$1.5 million in South Africa. It works through distributors and other associates. The company has pledged itself by the end of 1971 to have made progress in influencing the companies through which it works to raise wages of black employees and generally upgrade working conditions, or else to pull out. Only about one-half of one per cent of Polaroid's overseas business is in South Africa. Polaroid has said they will work within the law of South Africa.

To many, Polaroid represents a test case as to whether an American company can achieve reforms significantly affecting the working conditions of Africans within the apartheid structure. Thus it is a key company to deal with at this moment.

#### IX. Gulf Oil

Gulf Oil is the largest single U.S. investor in Portuguese Africa. It began prospecting in Cabinda, Angola in 1954 and made its first important oil strike in 1966. By 1969 Gulf had invested \$130 million in the venture, with massive expansion envisaged (costing a projected \$76 million). Payments from Gulf to Portugal include surface rents, bonuses, income taxes equivalent to 50% of the net profits, a 10 cent royalty payment on each barrel of oil, and concession payments. Total payments in 1969 were approximately \$11 million, about half of what Gulf has estimated the Angolan budgetary defense costs were for the same year. Payments to Portugal jumped to \$16 million in 1970, \$11 million in advanced payments and \$5 million in royalties. The 1970 production was 85,000 barrels per day, with an increase to 150,000 barrels by the end of 1972 predicted, which will mean increased revenues for Portugal.

Gulf is reported to have employed 2,000 people at the height of the exploration and drilling activities in Cabinda, but it now employs directly less than 200 people, with 123 of the employees defined by Gulf as "nationals" and the rest being expatriots. The annual payroll is \$700,000. By contract Gulf paid \$70,000 to the Lisbon-based Mining Development Fund for training nationals. The Rural Labor code requires that corporations employing more than 50 people supply free medical services; primary school services if there are more than 20 children of employees and no school within five kilometers is available; and housing or a lodging subsidy for permanent workers. However, an employer may also deduct the cost of lodging, food, clothing, and medical assistance from wages.

Gulf has indicated that they spend \$20 million a year in Angola for goods and services, but with no information about the origin of the goods, one cannot determine the connection with or benefit to the Angolan economy of this expenditure. Gulf's January, 1969 contract gave preference to the purchase of goods from Portuguese industries.

#### X. Tsumeb Corporation

U.S. involvement in Namibia is most importantly through the Tsumeb Corporation, whose control is shared by American Metal Climax and Newmont Mining, each with 29 per cent interest; Newmont, in which Bethlehem Steel holds an equity share, manages the corporation. (Bethlehem is one of two U.S. corporations to invest directly in Namibia since announcement of an official U.S. policy to discourage investment in May, 1970.) AMAX is important for its large interests throughout southern Africa and its participation in broader than economic affairs: i.e. AAE. Other Tsumeb owners include the South African Union Corporation Ltd., southern Africa's Selection Trust Ltd., and O'okiep Copper Co. Ltd. of South Africa in which AMAX owns an 18 per cent share and Newmont 57.5 per cent. There are other interlocking relationships between Tsumeb and South African companies. Together with South West Africa Co. Ltd., Tsumeb has formed the Tsumeb Exploration Company to further exploitation of Namibia in a 3,000-mile area surrounding Tsumeb mine. Together with Anglo-Transvaal Consolidated Corp., DeBeers Consolidated Mines, and U.S. Steel, Tsumeb has formed the Africa Triangle Mining, Prospecting, and Development Co., for which Anglo-Transvaal and Middle Wits of Johannesburg are providing share capital. Its holding includes 533 sq. miles.

Tsumeb mines lead, copper, zinc, cadmium, and silver and accounts for more than 80 per cent of the base mineral production of the territory. Expansion of zinc production will aid South Africa in attaining complete self-sufficiency in zinc. Its 1964 managing director stated that "no mine that he knows of ever returned so large

a cash value for such a relatively small investment." Net income from the sale of lead, copper, and zinc in 1970 totaled \$25,901,000. Tsumeb paid \$7 per share dividend in 1970, an increase from \$5.075 in 1969.

Tsumeb employs what it calls 1,253 Europeans and 5,385 non-Europeans. A Newmont official stated in 1971 that the lowest wage paid was \$2.50 a day. However, South Africa's report to the International Court in the 1966 proceedings gave figures considerably lower. "While minimum wages for Africans ranged from six (\$8.40) rand to 11 (\$15.40) rand a month, South Africa assured the Court that workers actually received as much as 35 rand (\$49) monthly for mine employees when overtime payments, food and clothing expenses, housing and bonuses were included." At the same time, the average monthly pay for European mine workers was more than 200 rand (\$280).

Workers from the reserves are recruited by the South African government-sponsored South West African Native Labour Association whose directors also direct the large mining and industrial concerns. SWANLA classifies the men as it judges their suitability for agriculture, mining, etc.; they have no choice. Contracts run from 12 to 20 months and the worker must leave his family behind in the reserve, returning after the contract's expiration to await another. This prevents continuity of employment, technical and vocational training. In general the South African labor system applies: Africans need permission to be outside the reserves; they are confined to lower paying jobs; strikes are prohibited; barracks living is the rule; normal life and security are impossible.

#### The Special Status of Namibia

The recent advisory opinion of the International Court, supporting the UN General Assembly contention that South Africa is in illegal occupation of Namibia, and that the administrative power has passed to the UN, creates a situation in Namibia that is different from that of the rest of southern Africa in terms of U.S. relationships including corporate relationships. The U.S. is bound by the Court decision not to do anything that would recognize South African control or further it in the territory. The implications of this for U.S. corporations are many and complex. Non-recognition of South African-derived claims and titles is part of it. Nonpayment of South African taxes and recognition of the taxing power of the UN-designated authority is implicit. Nonacceptance of South African race and labor policies, with the consequent possibility of FEP and FLP standards (standards set by the UN authority in any case) would follow. Much of the U.S. investment is invalidly held in consequence of the Court-UN decision.

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September, 1971