

AMERICAN COMMITTEE ON AFRICA

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April 8, 1976

Dear Friend:

We send the enclosed memorandum, prepared by Jennifer Davis, ACOA research director, as an "alert". We have been informed that the proposal for the Seagram project is for the moment "on ice". However, Seagram must have spent thousands of dollars in contracting for the study of the possible project in KwaZulu. Therefore, we must assume that it will not be given up too easily. Many months have been given to the project by Clark, Phipps, Clark & Harris, Inc. And four researchers, including Dr. Kenneth Clark, went to South Africa for an on-the-spot study.

We think this case of carefully investigating the possibility of investments in the Bantustans is of critical importance. If the Seagram project goes through, others will probably follow. This will only help to legitimize the Bantustans and bolster the false argument of potential investors that this is a way of "helping" Africans without strengthening apartheid.

If we discover that the project is to be pursued, we will be in touch again to chart a course of action to oppose this dangerous move.

Sincerely,

George M. Houser
Executive Director

GMH/dw
Enc.

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Joseph E. Seagram & Sons Investigating Bantustan Investment

Despite a natural reluctance to discuss the venture publically Seagram is now involved in extensive investigations relating to a proposed \$10 million investment in KwaZulu, one of South Africa's Bantustans.

Information available so far indicated that the project involves the construction of a distillery near Ladysmith, in partnership with a South African corporation - S.A. Breweries. The plant would be capital intensive, creating possibly 100 jobs, and would aim primarily at the export market.

Apparently anticipating opposition to this venture from those concerned about African liberation in the U.S. and Canada (Seagram is a Canadian Corporation with a U.S. subsidiary), Seagram has tried hard to project an image of social concern. It sent a team of investigators to South Africa and hired a U.S. consulting firm, headed by noted Black Psychologist Kenneth Clark to examine the issue and propose a set of conditions which would make such investment acceptable to the critics.

Such efforts, designed to find "clean" ways of investing in South Africa today, ignore reality by pretending that it will be possible to run a non-apartheid operation in an Apartheid system; or, more seriously, that such an operation will serve to advance the cause of freedom by undermining apartheid. Thus the Clark criteria for investment say: "The Joint Venture Board of Directors should make clear by public statement that this Joint Venture is an affirmative action which is being developed in ways consistent with the positive future of South Africa and all its people. In no way should it be seen or interpreted as an acceptance or reinforcement of apartheid or present forms of racial inequities."

It is precisely because it is impossible to meet those criteria that Seagram, and other corporations ought not to invest in any sector of South Africa.

The Canadian Taskforce on the Churches and Corporate Responsibility has already expressed its concern that Seagram, a Canadian corporation, "has not found it appropriate to consult Canadian public interest groups or the Canadian Churches." The Task Force has condemned the proposed investment in a strongly worded statement which stresses that "...in social and political terms, this investment favours the white minority regime. It legitimizes the South African Bantustan system and it assists South Africa's balance of trade. This assessment appears to us to be valid despite the obvious efforts to create a link between black South African and black American businessmen. This sort of link is no substitute for bringing fundamental civil and political freedoms to disenfranchised black South Africans...Having examined the various features proposed to Seagram's, we find ourselves opposed to Seagram's proposed investment".

Investment in the Bantustans is a new form of foreign investment in South Africa. It appears to be proposed as a way of meeting the mounting criticism that aid to the South African economy is support for racial oppression and exploitation. Even voices inside South Africa, who have until now urged investment as a spur to economic growth and ultimate social change have now come to recognize the falseness of that view. Thus the Rev. Beyers Naude of the Christian Institute and Chief Gatsha Buthelezi of KwaZulu issued a joint statement in March which said interalia: "A radical redistribution of wealth, land and political power is essential for the establishment of a stable and moral society in South Africa."

"Foreign investment in the central economy is devoid of all morality..."

"It is equally evident that attempts to increase the responsibility of employers and investors within this system will do nothing to produce the radical redistribution

of wealth and power which are the essential prerequisites of justice and peace."

The rejection of investment in the so-called central economy by these two leaders rings perfectly clear. What is less clear is the attitude towards investment in the Bantustans. Indeed Seagram has said that Chief Buthelezi encouraged the project, provided the Corporation adhered to certain guide-lines - providing training, equal opportunity and pay, and educational assistance.

It is possible that Chief Buthelezi still clings to the hope that economic growth in the Bantustans will provide a base from which black struggle can grow. It is obvious that the South Africans have also considered that possibility - and made their plans accordingly. Their blue-prints are simple and unequivocal.

"Reduced to its simplest form the problem is nothing else than this: We want to keep South Africa white - keeping it white can mean only ^{one} thing, namely white domination, not leadership, not guidance, but control, supremacy." (Prime Minister Hendrick Verwoerd, 1963).

"In the economic framework of the country, the economy of the homelands is interwoven with that of the Republic and it stands to reason that the development of the homelands cannot be carried out at a pace which would have detrimental effect on the economy of the country."

M.C. Botha, Minister of Bantu Administration and Development, 1975.

Within the framework of their own overall needs the South Africans will allow some economic growth inside the Bantustans but only in ways which complement the central design. There is a growing population inside these pitifully small areas - a population almost totally dependent on income earned outside the boundaries of the Bantustans themselves. In 1973 only 22% of KwaZulu's "natural income" was earned internally, the rest, some R150m was earned by migrant workers forced to leave their homes to find jobs. Poverty in KwaZulu is dreadful - per capita income inside the Bantustan is some \$3.34 a month. If the income of migrant workers is included the figure creeps up to \$8.74. KwaZulu has a population of about 2.1 m - with another 1.9 million "Zulus" living in White South Africa. Only 27% of the people living in the Bantustan are economically active - i.e. the great majority are too young or too old to work, even at subsistence farming - or cannot find land or jobs if they are able to work. 46% of the KwaZulu population living in the rest of S.A. is working. Economists estimate that an average of 55,000 Zulu men and women will join the labor market each year in the late 1970's. The South Africans will be happy to allow some jobs to be created in the Bantustan to soak up some of this labor to avoid massive unemployment and social unrest - but they will not allow a level of development which would in any way threaten the constant flow of cheap labor to their areas of economic investment.

The bantustans have not developed as a historical accident. They are a deliberate creation - and their purpose is the maintenance of white domination. The bantustans are a useful instrument for this purpose, because they can be made to function in a number of ways. Economically they provide a source of cheap labor and allow for the development of non-competitive small black businessmen who will nevertheless have some stake in the system. Politically they can be used to destroy the national unity of the Black population, creating regional and tribal leaderships whose strength will be derived primarily from continuing Black disunity. Internationally the bantustans provide the new image necessary to justify continued support for the status quo.

The South African regime is trying to buy time for itself by pushing for international acceptance of the legitimacy of the bantustans. If the world accepts the myth

of an independent Transkei next October, if United States corporations begin to invest in bantustans on the pretext that this is affirmative action, then the South Africans will have succeeded in their object - they will have legitimized apartheid - for the bantustans lie at the very heart of that system. Their acceptance is acceptance of white supremacy, of black dispossession.

The Seagram decision involves much more than one \$10 million project. It comes at a critical time, and will serve as an important symbol in the period before us. Only a few years ago in solidarity with the struggle for liberation in S.A. black workers at the Polaroid plant in Boston demanded that Polaroid stop doing business in South Africa. They spearheaded a struggle which united community, church and other groups in the U.S. around the slogan of U.S. corporations out of South Africa. But Polaroid devised a strategy which promised better jobs, better training, more scholarships and "progress" for its workers in South Africa and many people accepted the "practicality" of the "Polaroid Experiment". In the years since the Polaroid Experiment, life has got worse, not better for the workers of South Africa. It is important that the same arguments should not be allowed to prevail again.

There is no way to improve apartheid. It must be abolished.