

southern africa PERSPECTIVES

#3/77

TOO LITTLE, TOO LATE

The U.S. Corporation Employment Manifesto For South Africa

Twenty-six million people live in South Africa today. Only four million, all of them white, are citizens. The three million men and women classified as "Coloured" [mixed race] and "Indian" [Asian] fall into a nebulous non-citizen category, while the nineteen million Africans are considered outright foreigners. The Africans were born in South Africa, grew up in South Africa, work in South Africa and will die in South Africa—but they are black, and thus "foreigners". Only whites have the rights of citizens in South Africa. Only whites can exercise political power and organize economic power. Africans cannot vote, buy or sell land, own factories, or mobilize their strength as workers in recognized trade unions. They have been stripped of all power. They have no control over their lives or their future.

Thus, the issue of power is at the core of the black demand for change in South Africa. Africans are not struggling and dying to reform or improve apartheid. They want nothing less than the total abolition of the system and the establishment of a new state based on full popular participation. To propose change in any lesser terms is trivial and irrelevant.

U.S. Companies Propose "Principles"

Unfortunately the "Six Principles" recently signed by twelve major U.S. corporations, all active investors in South Africa, is just such an exercise in triviality. The declaration was signed by:

American Cyanamid Company
Burroughs Corporation
Caltex Petroleum Corporation
Citicorp
Ford Motor Company
General Motors Corporation
International Business Machines Corporation
International Harvester Company
Minnesota Mining & Manufacturing Co.
Mobil Oil Corporation
Otis Elevator Company
Union Carbide Corporation

The corporations agreed to support the following operating principles:

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 OF AND DEVELOPMENT OF TRAINING PROGRAMS THAT WILL PREPARE, IN SUBSTANTIAL NUMBERS, BLACKS AND OTHER NON-WHITES FOR SUPERVISORY, ADMINISTRATIVE, CLERICAL AND TECHNICAL JOBS.

5. INCREASING THE NUMBER OF BLACKS 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, RECREATION AND HEALTH FACILITIES."

In the abstract, the principles make unobjectionable reading. The catch lies in what they exclude, rather than what they include. There is no demand for any change in the fundamental structure of apartheid, no demand for black political rights, and, closer to home, no commitment to negotiating with black trade unions or demands for their recognition by the government.

The fact that the "principles" were endorsed by the South African government gives a clear indication of how

far they fall short of presenting any challenge to apartheid. Referring to the declaration, Minister of Information Connie Mulder stated, "In expressing a desire to contribute to the well-being of the black worker in South Africa, these American companies are to be commended. In fact, the authorities welcome their declared intent to give further impetus to existing extensive development programs in South Africa."

Consulting South Africa

Chief architect of the negotiations leading to corporate acceptance of these principles was the Rev. Leon Sullivan, a black minister, director of Opportunities Industrialization Centers, (a nation-wide job training program that has also been given government contracts to develop programs in Africa) and a member of the General Motors board of directors. Sullivan himself has conceded in the past that U.S. corporations probably ought to withdraw from South Africa. Yet it took him 18 months to persuade 12 corporations to accept the set of principles, surely a monument to the fundamental reluctance of U.S. corporations to oppose apartheid stability at any level.

Indeed, the corporations have been so cautious, so unwilling to antagonize South African authority that adoption of the principles was not announced until after the declaration had been checked out with Ambassador Roelof Botha, South Africa's representative in Washington. Key wording was changed at his request. The original draft had stated that "where implementation requires a modification of existing South African laws and customs we will seek such modification through appropriate channels". The final draft eliminated all reference to changing laws and customs, and talked only about modifying "working conditions."

No Confrontation with Apartheid

The corporations have deliberately avoided confronting apartheid, by treating it primarily as a problem of workplace racial discrimination. In reality, the white government refuses to consider Africans as anything other than transient, migrant labor units, whose only recognized homes are the fragmented 'tribal' bantustans. Without political power blacks will always be subordinate to whites, who control the economy to their own advantage. Thus the issue of job reform, in isolation, is illusory.

Even within their own narrow limits the principles are subject to a wide range of interpretation within the South African context. The whole body of South African law reinforces the inferior status of black workers. Under the Industrial Conciliation Act, Africans are not even defined as employees, and under that act certain jobs can be reserved for whites only. Further, the law in South Africa prevents Africans from being members of any trade union which is recognized by the government as a legal bargaining agent—and many industrial agreements provide that skilled jobs can be made available only to members of a registered (i.e., *white*) trade union.

Corporations are being forced by economic necessity—primarily the shortage of skilled white labor—to use blacks in more skilled jobs today: thus the move for training programs. But in order to maintain the relative cheapness of black labor they have used a variety of techniques. These include work re-definition and job-fragmentation, or breaking up a skilled process into unskilled parts in order to create "new" lower-paying job categories for black workers. In this situation equal pay for equal work becomes a meaningless slogan—because blacks do not have access to equal work.

Moreover, the principles themselves provide a built-in escape clause against having to pay the majority of black workers wages equal to white workers, by referring to "comparable work for the same time". Last hired, first fired is a constant principle in relation to black workers. In addition, skilled jobs have been open to blacks only for a short time. The record to date of U.S. corporations operating in South Africa shows that they have followed the general pattern of paying blacks much less than whites, and using them primarily at the least skilled work levels.

Black and white workers already work alongside one another on the shop floor, and the law does not explicitly bar a black worker from supervising whites; but white trade union prejudice, custom and power have barred this practice as effectively as any law, and the companies have not specifically pledged themselves to challenge this tradition. A few companies have integrated canteens and recreation areas, but no blacks sit at the table when the board of directors meets.

A slogan of equal and fair employment must inevitably ring hollow in the ears of a black worker in South Africa.

Because black workers have no political power and no union recognition they are forced to accept white definitions of fairness. There can be no equality of opportunity in a country where one group of workers on the basis of skin color is excluded from education; is forced to live under exhausting conditions, often in crowded hostels, away from family or friends; is constantly subject to the threat of being arrested under a battery of special laws which control movement, the right to be in a particular place, the right to go out at night; where making any complaint about a job may lead not only to instant dismissal, but also to "endorsement out" of a town, back to the bantustan where there are no jobs. Above all, there can be no equality of opportunity where one group of workers is denied the right to effective trade union organization.

Yet, significantly, the employment principles make no mention of collective bargaining or recognition of black trade unions—measures which would move in the direction of placing real power in the hands of black workers. The wage gap, discriminatory pay rates, and inferior canteen and working facilities are linked to the fact that Africans have no right to effective organization. Any program to "improve the quality of life" can only be seen as

tokenism until blacks can exercise the workers' right to change their conditions of work. Not surprisingly, corporations which have a long history of resisting militant unionization among their workers in the U.S. are not apostles for trade union recognition in South Africa.

Corporate Aid to Apartheid

There is another profound gap in the issues addressed by this manifesto—and that is the role played by U.S. investors in bolstering and buttressing the apartheid system. All the corporate signatories have played an active role in providing capital, technology, skills and know-how to South Africa. Many of them are government contractors. Tim Smith of the Interfaith Center on Corporate Responsibility (associated with the National Council of Churches) recently pointed out: "Citibank is a signatory, yet Citibank has made loans of over \$300 million to the South African government; IBM is a signer yet IBM places no restrictions on computer sales in South Africa which could be used for repressive purposes; Mobil is a signer yet Mobil apparently still provides oil for Rhodesia and sells petroleum to the South African military; Union Carbide has invested in one bantustan and on the border area of another, and is involved in a \$50 million expansion; Ford still sells trucks when asked to by the South African police and military; Caltex is in the midst of a \$134 million expansion in South Africa."

"All of those companies are sizeable U.S. investors providing capital and technology, skills and know-how to South Africa. In short, most of the major issues church stockholders have raised during the last decade are totally ignored by the manifesto."

A Re-write of the 'Polaroid Experiment'

The corporations have tried to invest their plan with an aura of originality, presenting it as a significant step forward for the role of U.S. companies in South Africa. In fact the plan is at least seven years old. Similar proposals were made by the Polaroid Corporation, in 1970, when it announced its grand "experiment", on the heels of a nationwide boycott of Polaroid products, initiated by black workers in the company's Boston plant.

Polaroid's widely publicized position at that point ran as follows: we abhor apartheid, but if we cut ourselves off from South Africa we end our chances of exercising influence to change this policy. Thus we carry on business and use our influence to raise the salaries of non-white employees, initiate programs to "train non-white employees for important jobs" and commit a portion of our profits to encourage education. "We hope other American companies will join us in this program. Even a small beginning... can have a large effect in South Africa."

No Change in Government Policy

Enough time has gone by to show the futility of such an approach. The profound gap between white wealth and

black poverty has actually widened. In 1969, the gap between the average monthly pay for South Africa's white and black industrial workers was \$259. By September 1975, the gap had risen to \$463, despite wage increases; in 1975 the average black industrial worker was earning \$125 a month, his white counterpart earned \$589 a month. The poverty datum line, that is the absolute minimum income on which a family can barely survive, was calculated at \$149 a month for a black family living in Soweto in 1975. In other words, by 1975 the average black worker was still being paid less than survival wages, despite Polaroid's "reforms" and the wide-scale activities of U.S. corporations.

The view on other fronts is equally grim. Political repression has grown still more intense. Prime Minister Vorster and his colleagues have made it abundantly clear that they do not intend to change their policies in the future. "There can be no black politics in a white area" said Minister of Justice Jimmy Kruger, after the Soweto uprising. In October 1976, *New York Times* correspondent John Burns asked Vorster whether blacks would ever exercise political power in South Africa. The Prime Minister answered bluntly, "I cannot foresee such a day at all". As late as February 1977, Vorster made a speech before Parliament refusing to consider any change in the pass law system, although more sophisticated South African whites had urged him to do so to avoid the explosive situation now visible on the horizon.

It has become clear that change in South Africa will not come from some superficial tinkering with employment practices.

Indeed the "Six principles" have earned harsh criticism from the more far-sighted among the white business community, who recognize that the mood of the people is growing increasingly angry. They believe that large concessions will have to be made, particularly to create a black middle class, if ultimate white control is to be maintained over the tremendous wealth of South Africa. The prestigious *Financial Mail* titled its article on the corporate move "A damp squib..." (a firecracker that fizzles). Faulting the statement for its omission of any mention of trade union rights, the *Mail* said "The American business manifesto needs to go a lot further... and be followed up with determination." Quoting an interview with Charles McCabe of General Motors: "If you mean do we envision our plant managers going to jail or us breaking the laws of South Africa, no we do not." The *Mail* went on to comment, "As a head-on confrontation with the broader policies of South African apartheid, it is just not on."

Calling for economic withdrawal is potential "terrorism" in South Africa. Several black students were charged with such an offense in 1975 after having sent a letter to several foreign corporations asking them to stop investing in South Africa. In any case, most militant black leaders are either in jail, in exile, or underground. But even "moderates" in black South Africa have expressed nothing but frustration with the plan.

"It looks good on paper, but in practice it means only minor, token changes," a prominent black employee at one of the 12 U.S. companies explained. "It'll still be years before the steps bring significant results. That would have been fine a decade ago. Now it's not enough. If that's the only kind of pressure American businesses are willing to make, then I can see we can't rely on them as a major force for change."

A Call for U.S. Corporations to Withdraw

Last summer, in Soweto, a new stage in the struggle for South African liberation was begun. No one can know

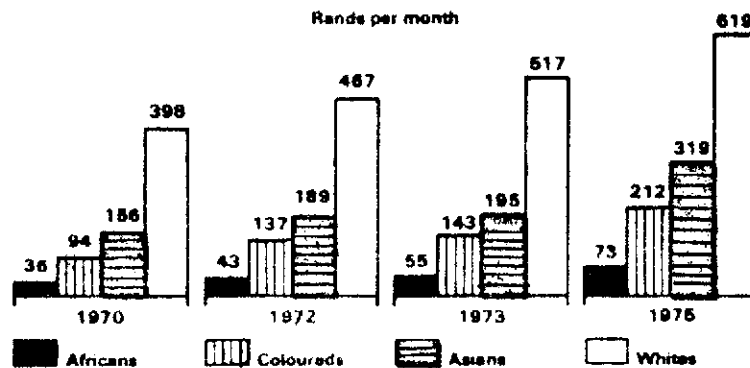
when it will end. But one thing is certain: there is no way that a continued U.S. corporate presence in South Africa can serve any purpose except to reinforce white rule. If the Carter administration is at all serious in its commitment to justice for southern Africa, it will use its energies to cut off the flow of U.S. dollars to apartheid. It is time for all Americans to tell the corporations, loudly and clearly — "Out of South Africa—NOW".

Jennifer Davis
April, 1977

1970-1975 Average Household Income Gap

The average white household had R362 more to spend each month in 1970 than the average African household. By 1975, that gap had widened to R546. In 1975, the average white household had an income 8.5 times as large as the average African one; 2.9 times as large as the average Coloured and 1.9 times that of the average Asian household.

Although average African incomes over those five years had risen by 103%, compared with a white increase of 56%, the bases on which those percentages are calculated means the gap is still widening in absolute terms. The white increase amounts to R221 in hard cash; while the African increase is only R37 — one-sixth of the figure for whites.



Figures released by Market Research Africa — MARCH/APRIL 1976 XRAY Fact Sheet

R1 = \$1.15