

U.S. CORPORATIONS IN South Africa

The evidence shows that the net effect of U.S. investment in South Africa has been to strengthen the South African economy and the apartheid system. Despite the claims of the Stanford Trustees, U.S. corporations are not a progressive force, either in the work place or the country as a whole. This is certainly not surprising since the profitability of investing in South Africa stems from the apartheid system.

U.S. corporations claim to be working for change in South Africa. Yet the few efforts they have made (such as the "six points") have all been aimed at "petty apartheid" such as separate facilities. Even in the area of training and promotion U.S. corporations do not act differently than their South African or other foreign counterparts.

PROPS TO APARTHEID

The most important point is that U.S. corporations are an active part of the apartheid system. 350 have subsidiaries in South Africa, commanding 16% of direct private investment with combined holdings of at least 1.6 billion dollars. 6000 more engage in direct trade, (GM is one of the 15 largest companies in South Africa). The police and military, crucial to maintaining apartheid, are supplied with vital products directly by dozens of corporations like IBM, Caltex, and Ford. While over the last few years foreign investment has increased, the gap between black and white wage levels has grown steadily wider, and the political position of the black majority has continued to deteriorate. Because of South African laws and customs, foreign corporations can only achieve minor reforms, yet fundamental change is needed. Apartheid can be ended only after the South African government has lost the political and economic power to defend it. This situation can come about only if foreign companies, including America's, withdraw their investments. Withdrawal will weaken both the government's confidence to defend apartheid, since the implicit support of outside countries by their very presence will no longer exist, and its concrete ability to defend apartheid, since economic and military aid, on which the country is presently so dependent, will be cut off.

Arguments for Corporate Withdrawal

1. Withdrawal by U.S. corporations would put significant pressure on the South African government.
2. Withdrawal by U.S. corporations eliminates the moral legitimacy and economic support that U.S. presence necessarily lends.
3. Certain U.S. firms in South Africa, such as Caltex, are obligated by law to provide products for the South African military. Further, U.S. companies have invoked the Secrets Act to avoid disclosing the extent and nature of their contributions to the S.A. military.
4. Investments in South Africa increase U.S. financial and political commitments to the government of South Africa. The greater the investments, the greater the likelihood of U.S. military interventions to protect U.S. interests in the event of full-scale confrontation.
5. The profits of U.S. corporations flow from apartheid. To receive profits from apartheid makes U.S. corporations ethically inseparable from the South African government which created the system.



SCRIP (Stanford Committee for Responsible Investment Policy) is a group of over 300 faculty, staff and students. SCRIP led the May 9th and May 10th occupations of the Old Union. The principles of SCRIP are 1) Yes on the proxies for corporate withdrawal from South Africa; 2) divestment by Stanford of shares in corporations where these proxies fail; 3) democratic decision making within SCRIP; 4) civil disobedience when effective and justified; and 5) non-violence in our struggle.

We have done extensive research on these issues. Look at:
Labor Practices of US Corporations in South Africa, IRRC
Foreign Investment in South Africa-The Policy Debate,
Our own Position Paper on Stanford University's Investments in
Corporations Operating in South Africa. SWOPSI 193, in UGLY.

AFRICANS CALL FOR WITHDRAWAL



In the face of massive government intimidation, blacks in South Africa have been actively working for the withdrawal of foreign investment from their country. The original call for foreign economic disengagement came from the since banned African National Congress of South Africa, led by the late Nobel Peace Prize recipient Albert Lutuli.

The highly respected Black Peoples' Convention urgently called for a withdrawal of foreign corporations at its congress in 1972, just before it was banned and its leaders jailed. SASO, the black South African Student's Organization has campaigned for withdrawal, with its chairman, Abraham Tiro, subsequently murdered and SASO banned as an organization. The chairman of the (Colored) Labour Party, Sonny Leon, whose constituents work for many of the foreign firms, has been pressing for withdrawal. When Leon applied for a new passport in order to carry his case to overseas investors, his application was denied. And two months ago on this campus, Tssetsie Mashinini, a leader of the Soweto uprising, argued for foreign economic disengagement.

Support for this position outside of South Africa has been equally strong, with recognized bodies ranging from the World Council of Churches to the International Confederation of Free Trade Unions calling for withdrawal.

Americans have heard the Mayor of Soweto and Bantustan Chief Buthelezi, both handpicked by the South African government, speak in opposition to corporate withdrawal. These men are given international exposure because they support the government stand. South Africa has such a need for foreign investment that they must use repression at home, and misrepresentation abroad to try and convince us that the blacks and coloreds really want it. It seems that many don't.

Rebuttals to Arguments Against Withdrawal

1. Argument: U.S. corporate withdrawal would result in the loss of jobs to African workers and a reduction in their income.

Response: These short-term disadvantages of withdrawal affect the few, and must be weighed against the long-term suffering which results from the political and economic discrimination of apartheid.

2. Argument: U.S. corporate withdrawal would eliminate the opportunity of U.S. corporations to be a progressive and reforming force in South Africa.

Response: It is impossible for any significant reforms to occur within the present laws of South Africa. Suggested reforms, for example the "six principles," are insignificant, as they fail to include the right of black South Africans to organize or otherwise participate in political activity. Without such rights, blacks will remain in their present state of powerlessness. Furthermore, fundamental change has been shown to be impossible through the hard-line stance of the Nationalist Party's leaders, including current Prime Minister Vorster, and his likely successor, Connie Mulder.

3. Argument: If the U.S. corporations withdraw from South Africa other foreign corporations will simply expand.

Response: This argument attempts to evade responsibility. U.S. corporations are responsible for their own actions, not for those of other foreign investors. U.S. corporate withdrawal would be a critical economic, political, and psychological setback for the South African government.



"REVOLUTION IN OUR LIFETIME"

All of us agree with the Trustees when they say we want a peaceable end to apartheid. But we must realize that this might not be possible. The dominant white Nationalist party is completely dedicated to preserving apartheid by any means necessary as the repression of the Soweto demonstrations shows with over 5,000 unarmed blacks killed.

The question is not just of violent change. The present system is an incredible example of "institutionalized violence." Just one point-- 53% of all blacks die by the age of 5.

The World Council of Churches is just one of the many groups that has found the institutionalized violence so great that they have chosen to give financial support to the armed liberation movements of Southern Africa.