

September 3, 1965

ACOA Summer Project - Anti-Apartheid Research and Action

As planned and organized in early June, the summer project applied itself to research in depth on specific topic areas related to U. S. involvement in South Africa. The work was undertaken with action (based on the results of the research) being the ultimate goal. Four major areas were covered and each will be summarized briefly below, followed by considerations of strategy and some concrete proposals for anti-apartheid action.

1.) Banking and General Economy - The activities of the two major US banks with operations in South Africa have been reviewed and an assesment made of their involvement in the South African financial world. (Included in this is a brief survey of banking in general in South Africa, showing the preponderant position held by foreign banks.) Loans made by the two large US banks-Chase Manhattan and First National City and the members of the banking consortiums-are detailed both as to date, and, where possible, government department receiving the loan and its application. The second paper, on the economy of South Africa, traces, in some detail, its development from a raw material base into rapid and diversified industrialization. Emphasis is given to the relative position of importance of the various sectors of the economy and to recent trends which point towards a marked self-sufficiency even in heavy industry. The history of South Africa's economic development shows its over-reliance on the export of gold and other materials, and the havoc which this reliance can play with its balance of payments. However, South African economists are determined to forestall another financial crisis of the 1959-61 period by slowing down the growth rate of the economy and decreasing imports.

2.) Auto and Rubber industry - Both of these industries were chosen not only because of their strategic importance to South Africa but also because they serve as good examples of the growth of secondary industry financed by subsidiaries of US firms. A study of the auto industry and peripherally of the components manufacturing industry shows the rapid expansion now occurring in the domestic manufacture of previously imported goods; auto manufactures are currently being offered inducements to increase production in South Africa, thus relying less on imports. The role played by US car assemblers and manufactureres (Chrysler, Ford, and GM the three of which account for more than 60% of 1964 auto sales) in the rapid growth of employment and domestic production is detailed in this paper. A large section, devoted to labor in this particular industry, focuses on the lack of training offered African workers, their slow rate of advancement (due to a number of obstacles) and their generally poor rates of pay. The thesis is offered that, despite the attempts of white employers to overcome shortages of skilled and semi-skilled labor by upgrading African workers, more extensive and far-reaching liberalization of employment practices must be carried out.

A review of the rubber industry points up the kind of cooperation now taking place in South Africa between Nationalist government capital-the IDC- and private investors-in this case Firestone, Goodyear, General Tire and Rubber, and others. A large synthetic rubber plant, producing Styrene-Butadiene Rubber from by products of the SASOL operation has been financed by the above firms and guarantees South Africa's rubber supply regardless of international embargoes placed on natural rubber. The relative size of investment of the various US firms and the scope of their operations in South Africa is detailed as are their general employment practices.

A general overview of labor in South Africa has been prepared, which attempts to show the fallacies in any purely economic solutions to the problems of apartheid. The relative guilt of both government and private employer in keeping the African worker aubservient is assessed and the contrasting conditions of employment of white and non-white worker explained.

3.) Natural Resources-Mining, Oil, Strategic Materials, etc. -- The raw materials sector of the economy has been studied working from the general thesis that South Africa is placing increasing emphasis on domestic use of raw materials (in industry). Papers have been prepared on gold mining, giving particular attention to the role played by Engelhard in gold and other mineral exploitation; the export of strategic materials to the US and the effect this has had and will continue to have on the formation of foreign policy toward South Africa; US financed and operated oil refineries in South Africa. A separate study has been done on the export of non-strategic materials such as mohair, rock lobster tails to the US and an assessment made of the feasibility of a consumer boycott of such items in this country.

4.) US government involvement - The results of extensive research in this area have been largely negative but also instructive. For example, both the Trading with the Enemy Act and the Export Control Act can be applied only by Presidential order and the precedents for such action are rare: FEPC laws are not applicable to government overseas operations, which thus makes 'job discrimination against Negroes' in NASA bases in South Africa hard to contest; no government agency is, at present, actually guaranteeing the investment of US nationals in South Africa (only the Ex-Im Bank guarantees exports in a few instances); there seem to be few if any precedents for the surtaxing of profits made by US companies in foreign countries.

However material has been gathered on both the cooperation between US and South Africa in uranium sales to the US (all contracts for which will be ending in 1972) and in US assistance for the construction of the newly opened nuclear reactor. Secondly, the feasibility of legally questioning the import of goods produced by convict labor in South Africa has been studied and new material gathered on the subject. The law is applicable in some cases, although legal action would be contingent upon the detailing of both enforced labor in South Africa (eg. the kinds of goods produced and under what conditions produced) and extent of such imports into the US.

Such a short report can hardly do justice to the large mass of material collected by the Summer Project. In addition to the actual research, AARAP ran a large workshop at the D. C. Assembly of Unrepresented People, wrote numerous letters to proponents of apartheid, and built contacts with people interested in the anti-apartheid cause.

We have come to one overriding conclusion from our research: That demands for disengagement by US companies from South Africa are not by themselves tactically sound. Instead, a strategy which combines demands for radical liberalization of employment practices of US companies in South Africa and withdrawal if such demands are not met, is much more realistic. In other words, the focus of future action should be 'partners in apartheid' detailed in this and future research. They must be protested against on a number of different levels which both adequately portray South Africa's slave labor economy and the more extensive role played by large and small industries in the economy.

// //