Dear friends,

This is to inform you of the decision of the World Student Christian Federation to withdraw the accounts which it has held at the First National City Bank of New York, USA, since 1915. We have instructed the financial officers of the WSCF to transfer our holdings to the Franklin Bank, 866 UN Plaza, New York, N.Y., through which all of our financial operations in the USA will be handled, effective April 15, 1968.

In 1966 the University Christian Movement in the USA requested WSCF consideration of withdrawal of its accounts from those American banks that are most directly involved in the economy of South Africa. The UCM had participated in the founding of the Committee of Conscience against Apartheid, which presented the following reasons for such withdrawal:

—The policy of apartheid, pursued by the Government of South Africa since 1948, has had consequences that involve systematic oppression and injustice for the majority of the African, Asian, and colored population. (1) This policy has been publicly condemned by a majority of the member states of the United Nations.

—Economic success has encouraged the South African government in the pursuit of this policy, and American investments and other economic support have played an important role in this relation. A significant element has been a $40 million revolving credit arrangement for the South African government financed by ten banks in the USA (2). One of these is the First National City Bank of New York.

—These banks have on numerous occasions indicated unwillingness to heed the arguments of concerned citizens to terminate financial support of the South African Government. (3)
Withdrawal of funds may serve as: (a) an indication of disagreement with the policies of these banks towards South Africa; (b) notice to other banks and business interests that investment in South Africa may prompt similar censure; (c) an encouragement to other concerned groups and individuals holding accounts in these banks to take like action; (d) a step towards the building of public awareness in the international community of the evils of apartheid and international complicity in it.

Since 1964, the opposition of the WSCF to apartheid in South Africa has been a matter of record. In a “Letter to Student Christian Movements about South Africa”, the 1964 WSCF General Committee stated:

The grave situation which results from the policy of apartheid by the Government of South Africa threatens the peace of the world . . . We urge all member Movements of the WSCF to respond to the crisis in South Africa by studying the racial and political realities of the situation there and by bringing pressure to bear against the continuation of apartheid.

However, the Federation continued to maintain its long-standing account with the First National City Bank. A large percentage of the financial operations of the Federation, both within and outside of the USA, have been handled through this bank. Therefore the University Christian Movement—USA, through its Southern Africa Committee, requested that the WSCF alter its banking policies so as to withdraw its funds from The First National City Bank. This request was first presented at a meeting of the full WSCF staff in October 1966. A committee composed of both officers and staff was then appointed to study the matter.

The committee presented its report to the Executive Committee at its May 1967 meeting. The Executive Committee then stated its conviction that the funds should be moved, and determined to do so on the completion of the necessary inquiries. Those accomplished, the officers have now taken the final decision. The banks involved are being informed that the transfer will take place before June 1, 1968.

In considering the UCM-USA request, the working committee has consulted with officials of the First National City Bank. The arguments of these officials have been considered, but have been found unsatisfactory:

-We recognize that prosperity could conceivably undermine apartheid in the future. But we also recognize that South Africa is already a prosperous nation, with a modern, industrialized economy, and the economic growth which has taken
place since 1948 has contributed at least as much to the strengthening of apartheid as to its decline. We see no certainty that future economic growth will have a significantly different effect. (6)

—We recognize that disengagement of foreign support of the South African economy is likely to result in short-run deterioration of the situation of the non-white population. But we also recognize that many of the non-white leaders have indicated willingness to accept this in order to hasten the demise of apartheid. (7)

—We recognize that isolation of nations and governments is generally not constructive. But we also recognize that the non-white majority in South Africa will not be integrated effectively into the international community under the auspices of a government which is committed to apartheid.

—We recognize the claim of the First National City Bank that it does not make policy judgments primarily on the basis of moral and political considerations, and that its policies with regard to South Africa do not therefore reflect approval of apartheid. But we also recognize that this is not the complete picture: political considerations do clearly play a key role in some aspects of bank policy. Furthermore, the fact remains that bank policies do often have moral and political implications for which the banks, whatever their claims of impartiality, are responsible.

—We recognize the interrelatedness of banks that engage in international transactions, and that therefore our disengagement from support of apartheid in South Africa is only relative. For international organizations like the WSCF, complete disengagement is a practical impossibility. But we are convinced that, in this as in many other instances, limited action is not without moral and political significance.

—We recognize that were American financial involvement in South Africa to be withdrawn, replacements would be quickly found in other countries. But we also recognize that this does not remove the moral responsibility from American banks and other investors.

In coming to our decision, we have been conscious of the special responsibility of the World Student Christian Federation, the churches, and other Christian bodies for stewardship in the use of funds and other resources. The material resources of the Christian community around the world are not inconsiderable, and the use of these resources, for good or ill, consciously or unconsciously, is a significant aspect of the church's role in
society. We are concerned to see develop in Christian institutions an awareness of the moral significance of investment policies. We do not intend, therefore, that our action should be an isolated event. We invite you, as movements involved in the work of the Federation, to consider your own banking and investment policies in this relation. And we shall be pursuing this concern with examination of WSCF banking policies in Europe and discussion with other ecumenical and church bodies concerning their policies.

We invite your comments, and solicit your support in this ongoing effort.

In order that you may be informed more fully of the bases of our decision, we enclose an appendix outlining in more detail the arguments presented here.

Sincerely yours,

the Officers
World Student Christian Movement
(Philip Potter, chairman;
Valdo Galland, general secretary)

1. "The policy of apartheid ... has had consequences that involve systematic oppression and injustice for the majority of the African, Asian, and colored population."

2. "Economic success has encouraged the Government of South Africa in the pursuit of this policy, and American investments and other economic support have played an important role in this relation. Particularly significant is a $40 million revolving credit arrangement for the Government of South Africa financed by ten banks in the USA."

3. "These banks have on numerous occasions indicated unwillingness to heed the arguments of concerned citizens to terminate financial support of the South African Government."

4. "Withdrawal of funds may serve as: (a) an indication of disagreement with the policies of these banks towards South Africa; (b) a warning to other banks and business interests that involvement in South Africa may prompt similar censure ..."

5. "The Federation continued to maintain its long-standing account with the First National City Bank."
6. "We recognize that prosperity could conceivably undermine apartheid in the future. But we also recognize that South Africa is already a prosperous nation, with a modern, industrialized economy, and that the economic growth which has taken place since 1948 has contributed at least as much to the strengthening of apartheid as to its decline. We see no certainty that future economic growth will have a significantly different effect."

7. "We recognize that disengagement of foreign support of the South African economy is likely to result in short-run deterioration of the situation of the non-white population. But we also recognize that many of the non-white leaders have indicated willingness to accept this in order to hasten the demise of apartheid."

SUPPLEMENTARY NOTES* TO AN OPEN LETTER TO MEMBER STUDENT CHRISTIAN MOVEMENTS OF THE WORLD STUDENT CHRISTIAN FEDERATION

1. "The policy of apartheid ... has had consequences that involve systematic oppression and injustice for the majority of the African, Asian, and colored population."

The consequences of apartheid for non-white South African citizens have been catalogued by the Rev. Kenneth Carstens in his March 17, 1966, testimony before the U.S. House of Representatives' Subcommittee on Africa:

My testimony today would have been either unnecessary or very different if it were not for those 13 million of my compatriots who have been completely disenfranchised, who are kept in perpetual poverty by the industrial color bar and the laws against collective bargaining and strikes (Industrial Conciliation Act, as amended), who have been deprived of freedom of speech (Criminal Law Amendment Act of 1953), movement (Bantu Laws Amendment Act of 1964), and assembly (innumerable
municipal bylaws and regulations), in over 87 per cent of the country, cynically known as the “white area”; who, in urban areas, are at the mercy of a disrupting, demoralizing and immoral migratory labor system which is rigidly controlled by government labor bureaux (Bantu Laws Amendment Act of 1964); who live in constant fear of being classified as “surplus labor” or “politically suspect” by an administrative officer, robbed of job and livelihood, and transported to some remote and impoverished rural area known as a “tribal homeland”; who, in rural areas, are “reduced to servitude by laws which make it a criminal offense for any farm laborer to leave his employment without permission of his employer” (Nielsen, African Battline); who cannot acquire freehold title to land (Natives Trust and Land Act of 1936); and who have even been robbed of the right to live with wife and family in an urban area.

Most of the acts referred to were passed after the institution of apartheid in 1948, so that the original system has been strengthened and extended, thus promoting the determination of the conditions under which Africans, Coloreds, and Asians live. This can be explained with reference to at least five different aspects of contemporary South African society: political, civil, educational, welfare, and economic.

In 1948, the institution of apartheid still allowed a meager representation of the Africans in the processes of government. At that time, the Africans were represented in parliament by seven directly elected whites. This representation at least allowed the African population some kind of voice in government affairs, but in 1959, these elections were abolished. The Colored population lost its representation at the end of this year. It had also been represented by four whites through direct elections, but the government has decided to establish a Colored Persons’ Representative Council and abolish elections of colored representatives. The Council will act in an advisory capacity to Parliament, and will have limited, local legislative jurisdiction. But every bill must first be submitted to the Minister of Colored Affairs, and then, if approved by the Council, must have the State President’s assent. The Asian population has never had any direct representation in Parliament. The matter of representation, then, is different in 1967 than it was in 1948. We now have the total exclusion of African, Asian and Colored representation where formerly at least the African and Colored population could vote for its own, albeit white, representatives.

While it is difficult to draw a strict line between political and civil rights, there are a number of laws which apply specifically to political acts which the government considers punishable. The Riotous Assemblies and Suppression of Communism Amendment Act of 1954 stated that the Minister of Justice could prohibit, without stated reasons, listed persons or those convicted under the Suppression of Communism Act from attending gatherings of any description. Prior to this act, the potential detainee was permitted to give reasons why the order should not be issued, but the 1954 act eliminated that loophole. The Suppression of Communism Act is a vaguely

*compiled by Southern Africa Committee, University Christian Movement of the USA, Robert E. Maurer, chairman.
worded act originally passed in 1950 which allows the government to indict anyone it feels is acting in a manner which disturbs the country’s peace and order. Amendments in 1954 (just mentioned), 1962 and 1965 have sought to strengthen the act, especially with regard to banned persons. The 1965 amendments prohibited any dissemination of recordings or writings of banned persons. They prohibit such dissemination even if the person in question has left the country.

In 1966, under the Suppression of Communism Act, the Unlawful Organizations Act, the Public Safety Action and Section 21 of the General Laws Amendment Act of 1962 (dealing with sabotage), 1250 Africans were arrested, 27 whites, 19 colored, and 14 Asians.

With regard to civil rights, which in this case refers to freedom of movement, last year 700,000 Africans were arrested for “violation” of the Pass Laws. This act makes it criminal for any African not to have his papers in order, to be without his papers, or fail to present them whenever requested. The pass is like a passport; Africans have to have it on their persons at all times in that 87% of the country designated as the “white area.” An African may also be “endorsed out”—which means he must leave the urban area and go to a rural slum never to return to his urban home. Since the 700,000 arrests represent double the normal number, it is readily seen that this aspect of apartheid legislation can be exercised arbitrarily, at the discretion of the authorities. There are also Influx Control Laws which restrict the number of Africans coming into urban areas—laws intended to control the African labor force, but which also control freedom of movement. These laws have been successively amended to apply to an ever-increasing number of circumstances, again promoting the deterioration of conditions under which Africans live.

Banning represents still another restriction on movement as well as speech. As of December 1, 1966, over 500 persons had been banned (prohibition on public statements, writings, restriction of travel outside local area), of which about half had been banned in 1966 alone. Thus, again, the government has the power to impose its will as often as it desires, to curtail the work of any organization or individual which it considers harmful to its interests.

While figures do not tell the entire story with regard to education, the fact that the per capita expenditure for white pupils is $170 and for Africans $17 tells something of the story. This means that the assumed inferiority of Africans (which is the basic rationale for apartheid) is cultivated and even created by the educational system. In 1956 the government decided that African school boards in both rural and urban areas had to raise half the costs for buildings, equipment and salaries in higher primary and post-primary schools. The government continues to pay the full cost in “homeland” areas, but the acute problems exist in the urban areas, where a severe shortage of teachers exists. Since the apartheid philosophy favors the move of Africans to their “homelands,” the indirect result is neglect of the tremendous educational problems in the urban areas. For example, the proportion of university graduates among African
teachers in secondary and high schools has fallen from 40% in 1949 to 31% in 1963. And in 1965 it fell to 25%. The salary scale for qualified male teachers employed in high schools are in a ratio of 2.4 for whites, 1.6 for colored, 1.0 for Africans. And there are many other imbalances for example, 31% of the white school population are in secondary schools, while 9% of the colored school population are in secondary schools. In education, such imbalances are self-perpetuating, for Africans are taught by African teachers. Other indexes of deterioration in education: in 1953-54, .57% of the net national income was spent on African education; ten years later the figure had dropped to .39%. Systems of two and three shifts per day have been instituted, so that some African students have as little as only three hours of education a day. Dr. Verwoerd, the architect of apartheid, said in 1953 when he was Minister of Bantu Education:

*When I have control of native education, I will reform it so that natives will be taught from childhood to realize that equality with Europeans is not for them. . . . What is the use of teaching the Bantu child mathematics when it cannot use it in practice? . . . The Bantu must be guided to serve his community; there is no place for him in the European community above certain forms of labor.*

Verwoerd had realized that the key to apartheid lay in providing the African with just enough education to make him fit for certain forms of labor, but not enough education for him to become a co-partner in the processes of modernization and industrialization. Thus the African is considered to be literate after only four years of primary education.

The Pension Laws Amendment Act of 1966 is typical of the apartheid philosophy with regard to welfare: all whites receiving old age or blind pensions receive bonuses of R24 per year; no bonuses are granted to people of other racial groups. The basic old age pension for whites in 1966 was R336, with free income permitted up to R192. The pension for Africans was R21, with up to R21 permitted in free income. For Asians and Coloreds, the amounts were R72 for pension and R96 for free income. There were in 1966 228,181 Africans receiving pensions as opposed to 92,115 whites.

There are provisions for Workmen’s Compensation, but the onus of reporting an accident falls upon the employer. Many times an employer will not know his African employee’s full name, thus being unable to fill out the forms involved. Also, many employers do not keep adequate records on employees. In the United States, details in the interest of employees were forced upon employers as a result of the trade union movement, but African trade unions are not recognized in South Africa.

In April 1966, the government ordered welfare organizations to divide along racial lines because it was opposed to any multi-racial organization. While the newly-forming white organizations plan to help those composed of the African and Asian populations with advice and techniques, each racial welfare organization will be left to raise its own money. This means that the segment of the populace which needs the greatest amount of
welfare attention will be raising funds from among its own people—who have the least to spare. This is still another example of the deterioration promoted by *apartheid* in non-white living conditions.

With regard to economic opportunity, there are a number of laws which restrict business transactions, employment opportunities, wages and labor force and job classifications. Many of the acts have been amended, since they were first passed, each amendment extending and strengthening the inherent tendencies of the original law. The Group Areas Act of 1950 imposed control over inter-racial property transactions and over occupation of buildings. Power is given to the Minister to declare any area the exclusive domain of one racial group, thereby uprooting the residents of that area who are not of that race. This act extends to businesses as well, for if an African business is in a declared white area, the African has ten years in which to dispose of his ownership rights to a white. The intent of the act is to restrict trading within a declared area, so that Africans will trade with Africans, Indians with Indians, etc.

One particularly vivid account of the effect of the Group Areas Act is recounted in the 1966 *A Survey of Race Relations in South Africa*, published by the South African Institute for Race Relations (p. 182):

Some 17,000 of Johannesburg’s 37,300 Indians have already moved their homes to Lenasia. As this township is between 19 and 22 miles out of the city, it is most inconvenient for people with irregular working hours, for example waiters, vegetable dealers, and others to live there, since it is often impossible for them to obtain transport to and from their homes at times to suit their needs. In consequence, many are forced to lodge with friends in town during the week, returning to their families only on days when they are off-duty. Transport costs are high—a monthly train ticket costs R5.75—and the journey is time-consuming, taking 40 to 50 minutes each way.

The Industrial Conciliation Act of 1956 created “job reservations”; certain jobs were “reserved” for whites only. The act also forced unions to develop along racial lines, thereby impairing the development of African unions so much that by 1961 only 1.9% of the African labor force was unionized, as compared with 31.7% of the white labor force. Banning was used in 1960 to restrict the activities of unionists sympathetic to African organizing. Job reservation may also be used to regulate the proportion of whites to non-whites in occupations, e.g. bus drivers, taxi drivers. Until 1965, seventeen job reservation determinations had been made. Two more were added in 1966, the latter applying to the footwear industry: white workers cannot be replaced by non-whites; colored workers cannot be replaced by Africans.

Wages paid in the mining industry show the kind of disparities which exist in the pay scales in all industries. In December, 1965, whites received R262, colored and Asians received R49, and Africans received R14.5. At that time there were 538,746 Africans as opposed to 64,094 whites employed in the mining industry. Even in professional circles, there is a wage differential between Africans and whites.
Thus apartheid legislation, since its initiation in 1948, has had the effect of increasing deterioration in the conditions of life of the non-white population.

2. "Economic success has encouraged the Government of South Africa in the pursuit of this policy, and American investments and other economic support have played an important role in this relation. Particularly significant is a $40 million revolving credit arrangement for the Government of South Africa financed by ten American banks."

The role of American banks in the economy of South Africa is best demonstrated in terms of international trade, which, of course, promotes internal development. The ten-bank consortium credit arrangement, of which First National City is a part,* makes it possible for the South African government to credit its overseas accounts with American dollars. It must repay that credit within 90 days at a fixed rate of interest. The value of such a credit arrangement is not entirely clear, since all the banks have refused to discuss the nature of the arrangement. It is possible, however, under the agreement, for South Africa to buy industrial machine parts from a private American company, and credit part of the $40 million to the companies as payment. Whether or not South Africa could credit American dollars to a French firm selling Mirage jet fighters, for example, is a matter upon which the banks do not comment. It is known, however, that should a note from the World Bank fall due, and South Africa is short in cash to pay it, the Government could transfer American dollars to her World Bank account as payment of the original loan. This credit arrangement thus allows the South African economy some flexibility. This is particularly significant on occasions when the South African economy experiences some kind of financial emergency. To be able to draw on $40 million in credits at any one time (the agreement has been in effect for 17 years) allows a flexibility which encourages confidence in the economy.

Unilateral loans to the South Africa Government and/or its agencies by some of these consortium banks have also provided support to apartheid. A loan by the First National City Bank to South Africa's Industrial Development Cooperation in 1961 is of particular significance because it was made during the worst financial crisis in the history of the apartheid Government. This loan, along with others, helped the Government to survive the crisis and apartheid has been applied with greater rigour than ever since.

One of the banks in the consortium, Morgan Guaranty Trust, loaned the South African Government $18 million two years ago, while nine years ago, Dillon Read and Co., an investment firm responsible for form-

ing the ten-bank consortium, loaned the South African Government some $30 million. Both loans, called "dollar loans," represent bank confidence in the ability of the South African Government to meet its commitments—and in turn confidence in the general political situation of the country.

While only one percent of American overseas investments is in South Africa, these investments are in key industries, e.g., petroleum, chemicals, heavy agricultural and industrial machinery, transportation equipment. It is obvious that without these key investments (British interests invest in some of these, too), South Africa would not have had the strong economy it has today. In addition, American firms have sent trained technicians to assist in South Africa's economic development.

3. "These banks have on numerous occasions indicated unwillingness to heed the arguments of concerned citizens to terminate financial support of the South African Government."

Seven major Protestant churches and the National Council of Churches in the USA have held extensive conversations with officials of the banks in the consortium. All of the participating banks have been contacted. The results of those conversations have been summarized as follows: "In view of many discussions and much correspondence, the banks give no evidence of changing their policy as regards this arrangement, but on the contrary will renegotiate the agreement." (Minutes of the meeting of Representatives of the Churches concerning South Africa and U.S. Banks, November 20, 1967).

The banks have even refused to discuss the nature of the credit arrangement. And as the time for renegotiation of the agreement has approached (the date for a renewal being January 1968), the banks have been well aware of the position of the churches. They have been well aware, for example, that the Methodist Board of Missions decided to withdraw a stock portfolio from First National City Bank, should the consortium be renegotiated, and that at least two other major church bodies were prepared to follow suit. The Executive Committee of the National Council of Churches, meeting on December 1, 1967, concluded that the banks had not given any evidence of a possibility of change in policy, and communicated this view to the member churches, with the recommendation that they withdraw funds from the participating banks as a sign of protest.

4. "Withdrawal of funds may serve as: (a) an indication of disagreement with the policies of these banks towards South Africa; (b) a warning to other banks and business interests that involvement in South Africa may prompt similar censure . . .

The Executive Committee of the NCC-USA recommended at its December 1 meeting that "the churches and the NCC should make significant withdrawals of their funds from the banks concerned as a protest and as a demonstration of the deep concern of the churches in this matter." The
symbolic gesture of withdrawal follows logically as a next step after the banks have indicated unwillingness to consider a change in policy. The gesture represents a form of expression to the banking and investment community that is more meaningful than simple moral exhortations. And as the campaign mounts, a number of banks across the US are coming forward with specific indications that they do not do business in South Africa, and do not plan to do so in the future, in order to attract withdrawn accounts.

"... (c) an encouragement to other concerned groups and individuals holding accounts in these banks to withdraw them; (d) a step towards the building of public awareness in the international community of the evils of apartheid and international complicity in it."

The purpose of withdrawal is in the first instance educational. It must be seen as one in a series of actions designed to form a public consciousness and concern about apartheid in South Africa. In itself, it is not intended to produce either a change in the policy of the banks or the commitment of the South African Government to apartheid.

5. "The Federation continued to maintain its long-standing account with the First National City Bank."

The World Student Christian Federation has carried on most of its banking operations with the First National City Bank since its birth. John R. Mott opened the WSCF accounts at First National in 1915, and they have remained there to the present.

6. "We recognize that prosperity could conceivably undermine apartheid in the future. But we also recognize that South Africa is already a prosperous nation, with a modern, industrialized economy, and that the economic growth which has taken place since 1947 has contributed at least as much to the strengthening of apartheid as to its decline. We see no certainty that future economic growth will have a significantly different effect."

According to Immanuel Wallerstein, a leading American authority on Africa, there is no inherent contradiction between an industrialized, modernized economy and the social and political structure of apartheid. He has said that a modernized, industrialized economy can be accommodated quite easily side-by-side with apartheid. He argues that it would probably take from 50 to 70 years of prosperity for apartheid in South Africa to begin to collapse, should there be no outside interference.

The general argument against the view that increased investment and therefore prosperity in South Africa will ameliorate apartheid runs as follows: according to United Nations figures on "Foreign Investment in the Republic of South Africa," the total foreign investment for the years 1963-65 increased by $552 million. During that same period of time, apartheid legislation was extended and strengthened, and in turn the lot
of the African, Asian and Colored deteriorated, as outlined above. The increase from 1965 over 1964 was 11%, the highest increase since recordings of this kind were made (1956). In 1966, the South Africa Defense and Aid Fund was banned without a trial. A year earlier, during the record increase in foreign investment, the president of the National Union of South African Students, Ian Robertson, was banned, having invited Senator Robert Kennedy to speak in South Africa. Many examples can be given of how increasing investment and property run directly parallel to increases in Government efforts to strengthen apartheid.

In *Industrialization and Race Relations*, edited by Guy Hunter (London, 1965), an essay on "The Effects of Industrialization on Race Relations in South Africa" asserts the following:

*The policy of apartheid which conditions the lives of all South Africans is a direct reaction to the new conditions arising from industrialization. It was industrialization, the growth of towns associated with it, and the movement of Africans to meet the labor needs of the expanding towns and industries which led to the enunciation of this policy as a political doctrine and to the attempt to impose separation between white and black in all spheres.*

Thus *apartheid* as a deliberate, stated Government policy was in fact a response to the social consequences of industrialization. South African industries, for the most part located in urban areas, needed a work force, and that in turn necessitated an influx of non-whites to the cities. Once they arrived, the need to control the urban population became of prime importance. *Apartheid* legislation, aimed primarily in the beginning at urban Africans, was passed. And as industries grew and took on more labor, more laws were passed or old ones were amended and extended. The large African labor force was a necessary condition of economic stability and prosperity; and *apartheid* legislation was therefore a by-product of industrialization and modernization. To extend the logic of this argument, one would have to say that further industrialization and prosperity will only produce more *apartheid* legislation.

*Industrialization and Race Relations* is a series of essays written about geographical areas in which capital has been infused into those areas where one race has dominated over another. Each essay details the process by which capital is used by the dominant race to consolidate its position of power and continue exploitation of the oppressed race. The editor of the book (commissioned by U.N.E.S.C.O.), summarizes the central conclusion:

*There is minimal likelihood that inside the industrial structure the dominant and subordinate racial groups will enter into competitive relations with each other. The assumption of open access in such a society to one another's occupations, lines of industrial endeavor, areas of entrepreneurial opportunities, and residential areas is not true. Understandings quickly arise, frequently buttressed by legal sanctions, as to the occupations, industrial positions, business and residential locations which sub-
ordinate racial members may enter and those which they may not enter. (emphasis added)

Another author in the same book says, "The most outstanding observation that is forced on us by empirical evidence is that the apparatus and operations introduced by industrialization almost invariably adjust and conform to the pattern of race relations in the given society." It must be remembered, of course, that prior to 1948, there was already a pattern of race relations in South Africa in which whites were dominant. Thus economic development, rather than changing the traditional pattern of race relations, has actually reinforced it.

American investments in South Africa should be examined in this connection. One example, concerning the Ford Motor Company, is representative. Ford's rapid expansion in South Africa beginning in 1963 created shortages in a number of production jobs. Africans were rapidly trained for assembly line jobs. Advocates of the view that increasing industrial expansion will undermine or moderate apartheid have pointed to this phenomenon as evidence for their case. They point to this as an example of the collapse of the job reservation system. But Ralph Horwitz in his book The Political Economy of South Africa notes what actually happened: "The extent and possibility of such work reorganization led to successful pressure by white trade unionists on the Industrial Tribunal to introduce job-reservation into the auto industry." While Africans entered fields of employment not heretofore opened to them, and also received higher wages, the industrial system was tailored to fit the demands of the racial order. Job reservation, rather than breaking down, was extended, which meant that Africans were still legally confined to the lowest level of opportunity. Horwitz cites the figure that white earnings in the mining industry were 11 times those of blacks in 1945 while they are 17 times those of blacks in 1963.

American investment in South Africa has been important not only economically, but also morally. Prior to the Sharpeville massacre in March, 1960, about 195 U.S. companies had invested $323 million in 1959. The largest companies in motors, food stuffs, farm machinery, chemicals, electronic equipment were present. Following Sharpeville, American as well as European investment declined, and for two years thereafter, the South African economy experienced a severe disruption. Foreign loans were hard to attract. In October 1961, Harry Oppenheimer, who had to cancel four projects in April, 1960, for lack of foreign capital, announced that his Roan Selection Corp., South Africa's largest investment company, had received a $30 million loan from undisclosed American sources. This loan, coupled with two other events the following year, was the financial seal of approval needed by the South African economy to begin what it has recently called "The Fabulous Years". The loan showed faith in South Africa's ability to right itself after a terrible decline, which has been caused and continued by racial unrest. The loan showed American confidence in South Africa's handling of its racial problems with means which would ensure the political and economic security of the country.
In January, 1962, a $250 million contract was signed by the Yawata Iron and Steel Corp. of Japan to import iron ore from South Africa over a ten year period. The man who made the deal possible was an American who had convinced both the Japanese company and the South African Government that the deal was in their mutual interest. Later that year, in May, four major U.S. rubber manufacturers invested $12.6 million to build a synthetic rubber plant which would supply South Africa's needs. All three American initiatives—the loan, the iron ore contract, the rubber plant—represented signs of faith in South Africa—signs of considerable importance in restoring South Africa's position in the world community. Moreover, numerous South Africans have taken America's over $800 million in investments to mean that the American business community approves of apartheid. This is not by accident. When American investors like M. P. Higgins of the Norton Company say "I think South Africa is going to remain a strong country, led by white people" (Johannesburg, 1965, address on the occasion of the opening of a new factory), South Africans believe that the American business community may have to say one thing in the U.S. for public consumption, but that it really approves of the status quo in South Africa.

7. "We recognize that disengagement of foreign output of the South African economy is likely to result in short-run deterioration of the situation of the non-white population. But we also recognize that many of the non-white leaders have indicated willingness to accept this in order to hasten the demise of apartheid."

There has not been one accredited South African leader opposed to apartheid who has reneged on the appeal uttered by the late Albert Luthuli for boycotts of South Africa. (By accredited, we mean a leader who is not employed by the government or a businessman.) We refer principally to those in prison, those who are banned, and those who have been deported. Speaking in Riverside Church, New York City, on October, 1966, Bishop C. Edward Crowther, now a Bishop-in-exile from Kimberley, South Africa, said that he knew of no leader who would be opposed to his people suffering more through economic disengagement from South Africa. Dennis Brutus, a South African poet and leading spokesman for the London-based Defense and Aid Fund, has said the same thing many times.

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