

# CORNELL and APARTHEID

Last Spring, SDS began a campaign to persuade Cornell University to sell its stock in banks which were part of the American banking consortium which had come to the aid of the apartheid regime of South Africa in the early 1960's. At that time there was an investment crisis in South Africa due to the world-wide outrage over the Sharpesville Massacre. The consortium of American banks kept the racist government alive and continues to supply funds at this time. Despite considerable faculty and student support for this proposal, the Cornell Board of Trustees voted not to sell this stock. There was only one vote in favor of selling.

Why did the vote show such overwhelming support for these investments in a racist government's economy? First, eleven of the Trustees are directors of firms which have investments in South Africa and five of these eleven men are members of the Executive Committee of the Board of Trustees. The challenge to Cornell's investments was by implication a challenge to their investments. Secondly, even for Trustees whose firms are not involved in South Africa, the idea that human needs and not the profit motive should be the guide to the operation of industry represented a challenge to their own investments, both at home and abroad. Thus, they had to vote for racism.

Here is a list of Cornell Trustees with business interests in South Africa. It is followed by an explanation of why these American corporate interests contribute to the misery of the majority of South Africa's peoples.

James Perkins, President--Director of Chase Manhattan Bank. Has had a branch in South Africa since 1959 which is ranked eighth in liabilities to public. Its credit loans to the South African Government as a member of the American banking consortium which kept the racist regime alive during the investment crisis of the early 1960's.

Robert Purcell, Chairman of the Board of Trustees--Director of the International Minerals and Chemical Corp., which has a subsidiary, Lavino South Africa (Pty.) Ltd., in South Africa.

Arthur Dean, Trustee (former Chairman of the Board of Trustees)--1. Director of Crown Zellerbach Corp., which has a subsidiary, Crown Carlton Paper Mills (Pty.) Ltd. 2. Director of American Metal Climax, Inc., which has had substantial investments in various African mining concerns since 1929. Has a subsidiary, Tsumeb Corp., Ltd. in South West Africa, and an affiliate, Palabora Mining Co., Ltd. in South Africa. It is now developing new vanadium mines in South Africa. 3. Director of American Bank Note Co. which operates plants in South Africa.

Walker Cisler, Trustee Emeritus (former Chairman of the Executive Committee of the Board of Trustees)--1. Chairman of the Board of the Fruehauf Corp., which has a subsidiary in South Africa. 2. Director of the Burroughs Corp., which has a subsidiary, Burroughs Machines, Ltd. in South Africa. 3. Member of the International Advisory Board of the Chemical Bank New York Trust Co., a member of the American banking consortium (see Perkins).

J.P. Levis, Trustee--1. Chairman of the Board of the Owens-Illinois Glass Co., which holds a minority interest in the Consolidated Glass Works, Ltd., South Africa. 2. Member of the International Advisory Board of the Chemical Bank New York Trust Co., a member of the American banking consortium (see Perkins).

Birny Mason, Trustee--1. Chairman of the Board of Union Carbide Corp., which has a large subsidiary, Union Carbide Southern Africa, Inc. and three companies under it: Chrome Corp. of South Africa, Ruighoek Chrome Mines (Pty.) Ltd. and Ucar Minerals Corp. 2. Director of the Manufacturers Hanover Trust Co., a member of the American banking consortium (see Perkins).

Horace Flanigan, Trustee Emeritus--Director of the Manufacturers Hanover Trust Co., a member of the American banking consortium (see Perkins).

Samuel Johnson, Trustee--Director of Cutler-Hammer, Inc., which has an affiliate, Cutler-Hammer Igranic, Ltd., in South Africa.

Walter Carpenter, Presidential Councillor--Honorary Chairman of the Board of E.I. DuPont deNemours, Inc., which has interest in a fluorocarbon plastic company in South Africa.

Nicholas Noyes, Trustee Emeritus--Director of Eli Lilly and Co., which has two subsidiaries in South Africa: Lilly Laboratories (Pty.) Ltd. and Isando Dista Pharmaceuticals (Pty.) Ltd.

William Carey, Trustee Emeritus--Director of the Tenneco Corp., which holds a 25% interest in a concession off the coast of South Africa where geophysical operations are proceeding.

The argument is often made that as U.S. business investment in South Africa increases, the gap in living standards between the black and white population will decrease and racist structures will slowly fade away. It is true that U.S. investment in South Africa has increased dramatically since the Second World War. This increase has been about 300% since 1950. However, in 1966, the government expenditure per pupil on education for whites was fifteen times the expenditure for blacks, the life expectancy for blacks was 25-30 years less than for whites, and the infant mortality rate for blacks was ten times the white rate. This structure of misery was supported by a black per capita income of \$116 a year, one-fifteenth that of the whites. This low wage rate of a rigidly controlled labor force is a prime attraction to the more than 250 U.S. firms which have investments in South Africa.

It is also revealing to find out what U.S. businessmen think about the South African regime. U.S. News and World Report (April 22, 1968) reports that 40% of U.S. and Canadian businessmen surveyed would, if they were eligible, vote for the ruling National Party which firmly supports apartheid. Nearly 60% felt South Africa's racial policies represented "an approach that is, under the circumstances, at least an attempt to develop a solution." Only 9% found apartheid "altogether incorrect." As U.S. News and World Report says, "The American adapts quickly to living under a system of total racial segregation. He is often frank to admit that he enjoys it... 'Look, here I've got five servants,' says an executive of one of the top U.S. companies. 'Do you think I could have five servants in New York? Here I've got four polo ponies and I play polo every week-end. Could I do that in New York?... All of this doesn't necessarily mean I approve of apartheid, although none of us think that universal suffrage is the answer in South Africa either. Whether I approve of apartheid or not is irrelevant.'"

Not only do U.S. businessmen "adapt quickly" to apartheid, they actively support this policy. For example, they invest in government-prescribed cheap labor areas, thus assisting racial separation by artificial location of industry. On the social level, U.S. businessmen rarely attend parties given by the U.S. embassy even though they are usually invited. This is because most U.S. embassy parties are multi-racial and U.S. businessmen "hesitate to offend the government of a country in which they are doing business" by attending these parties.

Hardly the portrait of a group which is going to bring racial progress and enlightenment to South Africa.

And then, of course, the goal of business is profits and social good is merely incidental. As far as profits are concerned, "return on invested capital runs anywhere from 20 to close to 30% a year, as high as in any country in the world, or higher." In sum, it boils down to the fact that when business is based on racist exploitation of cheap labor, an increase in business investment merely means a greater stake in the system of racist exploitation and a greater resistance to change.

Thus, while it is good for symposium speakers to condemn the South African regime, it is hypocrisy for this symposium to be sponsored by Cornell. Even as we listen to these speakers, Cornell Trustees and their counterparts throughout the U.S. continue to provide the economic base which supports apartheid horror.

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