CRITIQUE OF LATEST "SULLIVAN PRINCIPLES" REPORT

On October 25, 1985 the accounting firm Arthur D. Little published the "Ninth Report on the Signatory Companies to the Sullivan Principles". The basic objection to the Principles remains that they affect less than 1% of the Black working force, and provide a smokescreen under which the top-ranked adherents to the Principles (IBM, Mobil, Ford, GM, Fluor, Caltex, Citibank, etc) provide critical resources to the apartheid regime as mandated by South African law.

Beyond this basic objection, the Ninth Report, while seeking to highlight "progress" under the Principles, in fact exposes the entire operation as a failure on its own terms:

POINT 1) The Ninth Report points out that the number of signatory companies grew by 50% (128 to 178) between 1984-1985, and that "observers point to the major impacts of the signatories there." Corporate defenders of the Sullivan Principles frequently cite their concern that U.S. corporate withdrawal would "hurt Blacks" and deprive them of the expanding opportunities fostered by the Sullivan Principles signatories.

I: However, according to the Ninth Report: "The major disappointment in this most recent reporting period (1984-1985) has been the reduction in the proportion of new job openings filled by Blacks, Coloureds, and Asians...An especially sharp drop occurred in the vacancies for supervisors that were filled by Blacks, which declined from 26% last year to 18% this year." (Ninth Report, page 5)

At the same time, the percentage of whites filling supervisory vacancies rose from 51% to 58% of the total in 1985. In addition, the percentage of whites filling managerial vacancies rose from 85% to 86%, while the percentage of Blacks filling such vacancies declined from 5% to 4% between 1984-1985. (Report p.17)

II: Even more telling, during the last year companies adhering to the Sullivan Principles:
- Increased their net employment of white workers by 1,061.
  (23,649 to 24,710)
- Decreased their net employment of workers classified as Coloured by 2,900 (10,453 to 7,553) and decreased their net employment of "Black" workers by 329 (27,766 to 27,437). Adding in the slight rise in the number of Asian employees, the net loss of jobs by non-white workers was 3,129. (Ninth Report, p.12)

Given these statistics, U.S. corporate concern for Black (non-white) unemployment in the event of corporate withdrawal is nonsense and just an excuse for business as usual.

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POINT 2) The Ninth Report claims that: "it is a misconception to think that American companies are in South Africa to take advantage of low wage rates; in fact, substantial evidence shows that the Signatories, as a general rule, are the highest entry level wage payers" (versus South African, European and Japanese firms). (p.5)

I: This argument ignores the issue. U.S. signatory firms pay much less in South Africa than they would have to pay American workers. This is particularly true in the industries that account for most U.S. investment in South Africa: motor vehicles, petroleum, mining, and computers. The firms are in South Africa for the low wage rates:

DATA: 125 out of the 239 (53%) reporting units of Sullivan Code signatories (a signatory may have more than one factory) pay entry level workers: $80-92 per week
- 58 of the units (25%) pay entry level workers: $92-108/week
- 31 units (13%) pay entry level workers: $108-122/week
- 19 units (8%) pay entry level workers an unspecified amount above $122/week
- 3 units (1%) pay entry level workers: $61-80 per week

NOTE: U.S. signatories receive a "passing grade" on wage rates in the Report if they pay entry level workers between $80-92 per week. The Ninth Report wage data is presented in a camouflaged form to enhance the image of Sullivan Signatories. Rather than give weekly wage rates (e.g. $80-92) the Report states them as "impressive" percentages above Minimum Living Level (e.g. "30-50% above minimum living level"). (Wage data, p.14)
TOTAL DIVESTMENT SUCCESSES CONTINUE

Since the October 11 National Protest Day, there have been total divestment actions at seven U.S. and Canadian schools, making it 19 schools that have totally divested their South Africa linked holdings since April 1985--with $202 million in funds being affected.

The latest total divestment policies were enacted at Mount Holyoke College ($14 million after 7 years of campaigning), University of Minnesota ($21 million), Hartford Seminary ($5 million), Sarah Lawrence College ($650,000), University of Vermont ($3.2 million), McGill University in Montreal ($33 million), and Bates College ($5 million).

The University of Vermont victory was achieved on Friday December 6 when the Trustees voted 12-7 for total divestment. Student pressure was decisive and forced the Trustees to vote for the third time in four months on the issue--an illustration that students can always open up supposedly closed Trustee "agendas". The key factors in the victory were:

1) Steady educational efforts and an early semester civil disobedience action in which eight students were arrested.

2) The establishment of a shantytown for 3 weeks on the center of campus which was attracting massive student support and acute embarrassment for the university. One IBM-employed Trustee, who switched to support for total divestment, specifically campus sentiment for divestment as the reason for his changed vote.

The McGill University divestment of $33 million followed years of protest in the Montreal-area, including a sit-in on October 11 involving hundreds of students at ALCAN (a large mining company involved in South Africa) and protests directed at the McGill trustees.

In the first divestment victory of 1986, on January 25 the Bates College Trustees voted for total divestment of $5 million in holdings linked to South Africa. The Bates campus in Lewiston, Maine has been the site of student protests for several years.

TIAA-CREF DIVESTMENT CAMPAIGN

On February 20 there will be a demonstration outside the Trustee meeting of TIAA-CREF, the pension fund system covering university teachers and some staff at over 3,600 educational institutions. The system has $7 billion invested in U.S. companies involved in South Africa, making it among the very top pension funds linked to South Africa.

Since Fall 1985 there has been a national campaign for TIAA-CREF divestment spearheaded by the Association of Concerned African Scholars and New York City area professors. The campaign has drawn significant support through a petition drive and sponsorship of faculty resolutions at dozens of schools. We encourage faculty, staff, and students to participate in the February 20 rally and ongoing campaign.

The rally will take place on Thursday February 20 from 11am-2pm outside TIAA-CREF headquarters at 730 Third Avenue (45-46 Streets) in New York City.

For more information: American Committee on Africa #212-962-1210
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Impose Tough Sanctions on South Africa

By Elizabeth Schmidt

HARARE, Zimbabwe - Bishop Desmond Tutu, who is in the United States this month rallying support for divestment, is not alone among South African blacks calling on Americans to withdraw their economic support for apartheid.

Consider the consumer boycott, the most recent in a series of such actions, that shook the merchants in South Africa during the holiday season. By early December, Christmas shopping had slowed to a trickle as hundreds of thousands of blacks responded to the boycott call. Celebrations and mass entertainment were canceled in black communities across the country. With at least 1,000 dead since February 1984 and 5,000 detainees since the state of emergency was declared in July 1985, many South African blacks maintained they had nothing to celebrate.

The boycott badly hurt the retail market, already reeling from the effects of a severe economic recession. By the end of the third week, the action had had a marked effect on South Africa's economic hub, the Pretoria-Witwatersrand-Vereeniging region and the northern Transvaal.

Although they claim to be a progressive force in South Africa, signatories of the code control the most strategic sectors of the South African economy. Some of them bolster South Africa's nuclear capability; others help to run its military and police forces, prison system and general apartheid administration. Investments by signatory companies, together with the transfer of their technology and expertise, are buttressing Pretoria's program of strategic self-sufficiency, helping the white minority regime to withstand the impact of any sanctions that might be imposed. While signatories argue that they provide blacks with jobs, they employ only 0.4 percent of the African labor force in South Africa.

The Sullivan Principles are not simply irrelevant to the struggle for freedom and justice. They are antagonistic to it. They disguise the true nature of American corporate involvement in South Africa. With their emphasis on community development and betterment projects, they divert attention from the real issues.

The fundamental question in South Africa is not one of housing and jobs, but political power. The goal cannot be to make black life under apartheid more palatable but to abolish the system altogether. This task will not be accomplished through the desegregation of toilets, the building of recreation areas or even more training and promotion. The Sullivan Principles, as a strategy for opposing apartheid, are a step in the wrong direction.

Ironically, those who support the Sullivan Principles as an alternative to divestment and corporate withdrawal are the very people who are not obeying the code. They are imposing their own sanctions. Rather than listening to the calls for divestment, corporate withdrawal and economic sanctions - appeals heard now from many black leaders, the Congress of South African Trade Unions and the South African Council of Churches, which represents 13 million people - the United States business community has chosen to intensify promotion of the Sullivan Principles.

Devised by the Rev. Leon H. Sullivan of Philadelphia, those principles call for desegregation of the workplace, fair employment practices, equal pay for equal work, job training and advancement and improvement in the quality of workers' lives. According to the most recent Sullivan compliance report (prepared for Mr. Sullivan in October by Arthur D. Little Inc., a consulting firm in Cambridge, Mass.), 178 of some 350 American companies in South Africa have signed the code.

The Sullivan Principles fail to counter apartheid

By Elizabeth Schmidt

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