

American Steel Jobs and South Africa

**How U.S.
support for
South Africa
affects your
community...**



Women Strikers in South Africa. Credit: Paul Weinberg, International Metalworkers Federation



Shut Down American Steel Mill. Credit: United Steelworkers of America

The American steel industry is suffering its worst recession in decades. Between 1974 and 1982 production and employment in the steel industry declined by fifty percent. In 1982, the steel industry lost over \$3.5 billion, and in 1983 the top seven steel producers reported losses of \$2.7 billion. Tens of thousands of steelworkers have been thrown out as plants across the country are shut down, many permanently.

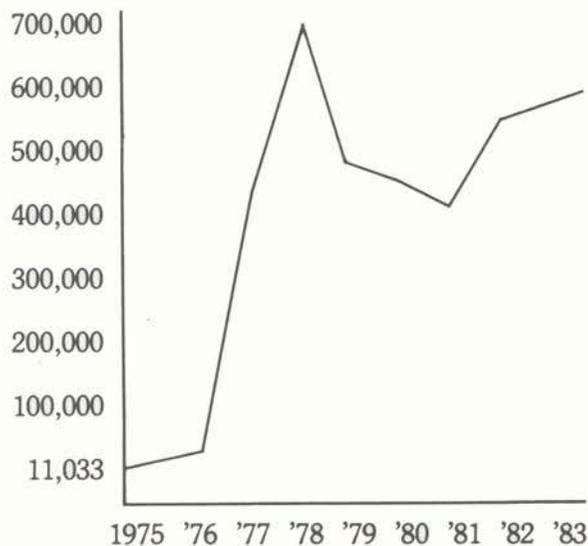
This is because the steel corporations, lacking in commitment to their workers and to the steel communities, have failed to modernize their facilities, thereby falling behind foreign competition. Big Steel is fleeing the United States and going to countries where workers are paid little, taxes are few, and profits are huge. These and other multinational corporations support repressive regimes in the Third World, profiting from their repression of labor rights while permanently sacrificing America's industrial strength. Ending US government and corporate support for these regimes will thus help the people in those countries struggling for freedom, as well as ourselves in our struggle for political and economic justice.

One result of the steel industry's abandonment of our economy has been a steady rise in foreign steel imports. Imports of foreign steel have grown to control over one-fifth of the US market. Although most foreign steel comes from Europe and Japan, a growing percentage is from low-wage Third World countries such as Brazil, and South Africa. In January 1984, Third World steel accounted for 10.1 percent of the US market.

Many American companies have bypassed US-made steel to purchase steel from South Africa. Since 1975 US imports of South African steel have increased 5,000 percent! South African steel is steadily expanding its share of the US market.

U.S. Steel Imports from South Africa

Net Tons



Source: American Iron and Steel Institute.



Credit: United Steelworkers of America

Laid off American Steelworker.

What is Apartheid?

The main reason why South African steel can compete with US-produced steel is South Africa's labor control system known as apartheid.

For 400 years, black South Africans have been denied their freedom. They live under laws that segregate them from whites and deny them basic human rights.

Five of every six South Africans are black. Yet:

- they cannot live or work where they choose;
- they risk jail if they strike for better wages or justice on the job;
- they have no say in the government that rules them—they are not allowed to vote.

South Africa's system of racism—called *apartheid*—runs on cheap labor. To stay out of jail, blacks must carry "passbooks" wherever they go. These record their fingerprints, work record, tax and family status, tribe and race, and where they can legally live and work.

For black South Africans, home is not where they were born or choose to live—it is where the government decides to send them. Those no longer needed by white businesses are sent to live in barren, rural wastelands—called "homelands"—chosen for them by whites. White privilege and wealth rests on keeping blacks poor, exploited and powerless.

What is It Like to Live Under Apartheid?

- **Apartheid destroys land rights.** Eighty-four percent of South Africans are forced to live on 13 percent of the land—because they are black. Black communities are bulldozed to make room for whites. The government has moved millions of blacks from "whites-only" areas by force.

- **Apartheid destroys black family life.** Racist laws prevent husbands and wives from living together in “white” cities. Black women face double discrimination because of their sex and race. Those who can find work as maids feed white children while their own go hungry in the barren “homelands.”
- **Apartheid denies access to education.** Less than half of black adults can read and write. Whites get free schooling. Blacks don’t. The state spends 11 times more on a white child’s education than on a black child’s. Only about 7 percent of black children finish high school.
- **Apartheid starves blacks to death in rural areas.** One of every five rural black babies die before their first birthday—many from lack of food—while South Africa exports \$2 billion worth of food a year.
- **Apartheid denies decent wages.** Africans earn on the average less than a third what white workers do. Over 60 percent of black urban families earn less than the white government says is necessary to survive. Rural blacks are even worse off.
- **The apartheid government defends white wealth by force.** It jails and kills those who protest against apartheid. It attacks neighboring nations which support South African freedom fighters.



South African Steelworker.

Credit: Paul Weinberg, International Metalworkers Federation.

South African Steel’s Competitive Edge

The pass laws, bantustans, police repression and other aspects of apartheid are designed to keep tight control over the black workforce and hold down the cost of black labor. *The international competitiveness of South African steel is built on the systematic denial of democratic rights to the black majority.*

Most South African steel is produced by the government-owned Iron and Steel Corporation (ISCOR). ISCOR plays a vital role in the South African economy and the government has provided it with numerous subsidies, cheap raw materials, low-wage black labor, financing, transportation, tax breaks, and import barriers to keep foreign competition out of the South African market.

Aid from US Companies, Paid by US Workers

ISCOR could not have grown to its present large size without the help of US corporations and banks. Companies such as US Steel, ARMCO, Phelps Dodge, Allegheny Ludlum, and Standard Pressed Steel Co., have pumped billions of dollars worth of capital and technology into South Africa for decades. Among the US banks that have loaned hundreds of millions of dollars to ISCOR are Chase Manhattan, Citicorp, Continental Illinois, Kidder Peabody, First Boston, Merrill Lynch, Smith Barney, Manufacturers Hanover, and Morgan Guarantee Trust. These banks and corporations prefer to invest in apartheid rather than in America. By investing in South Africa, these companies help prop up the racist, repressive system there, while throwing American workers out of their jobs.

Black workers in South Africa are standing up to apartheid repression in increasing numbers. Through their unions they are resisting the oppression made possible by US multinational companies. Like American workers, they are demanding economic and political justice.

After decades of helping ISCOR and other foreign steel producers, these banks and corporations now ask American workers to bear the burden of the crisis in the US steel industry. These corporations do not care about the communities they gut, only about their global profits. In pursuit of these profits, American corporate leaders are shifting their money into other areas and closing plants, throwing workers onto unemployment lines, and demanding that remaining US workers take cuts in pay and benefits. One steelworker in Homestead, Pennsylvania (where some 13,000 steel jobs have been lost because of plant shutdowns) said this of US Steel, an investor in South Africa: “US Steel is getting out of the steel business and they’re getting out of this community.

They've raped it, they've soaked it and they're saying, goodbye, we've squeezed the grape, there's no more left."

Chicago workers recently learned first hand how US corporate collaboration with South Africa hurts them. Chicago steelworkers discovered that steel beams being used to construct a new state building in their city were imported from South Africa. At the same time, US Steel's Southworks plant in Chicago—which makes the same kind of steel beams—had laid off steelworkers by the thousands. Meanwhile, Continental Illinois, a bank in the Chicago area, was loaning money to South Africa's steel company, ISCOR, that made the beams for the new state building. Steelworkers with their savings in Continental Illinois began questioning why they were putting their hard-earned money in a bank that was helping South Africa eliminate their jobs.

Other examples abound. Workers at Phelps Dodge copper mines in Arizona, on strike since July 1983 for better wages and working conditions, have been met with brutal force by the company and the state police. The company refuses to negotiate with the workers' unions, insisting on wage concessions. The corporation has laid off hundreds of workers in the last year, citing "foreign competition."

Yet, Phelps Dodge is the seventh largest US investor in South Africa, taking full advantage of apartheid labor repression. At its fluorspar mine, Africans earn less than 40 cents an hour, working 60 hours a week in 26 ten-hour shifts a month and sleeping 12 to a room in migrant labor hostels. Whether in the US or South Africa, Phelps Dodge exploits its workers for bigger profits.

Chase Manhattan and Citibank both helped finance the corporate acquisition of Youngstown Sheet and Tube Corporation by Lykes Corporation in 1969. But because of mismanagement, a search for profits elsewhere, and the banks' refusal to extend more loans to deteriorating Youngstown, Lykes shut down the Youngstown mill in 1977, laying off 4,500 workers. Chase Manhattan and Citibank, huge lenders to South Africa's ISCOR, sacrificed American jobs for strengthening South Africa's steel industry and bigger profits.

Workers and consumers are paying for this corporate greed. In 1983 steelworkers agreed to wage cuts totalling some \$3 billion. Yet, corporate and government leaders are asking steelworkers to take further cuts.

The oppressed black workers of South Africa and American workers are fighting a common enemy—

corporate greed. Many of the US firms profiting from apartheid are also guilty of racism here at home. For example, in 1982 the federal government fined US Steel nearly \$3 million for not promoting over 500 workers because they were black. All workers suffer when employers use racism to divide those trying to organize a union and fight for better wages and working conditions.

Time for Action

By working to force these companies out of South Africa we can assist the struggle for democracy in South Africa, while strengthening the US economy at the same time. Rather than investing in countries that deny democratic rule, like South Africa, US companies should help rebuild our neighborhoods, environment, and industries.

Imposing economic sanctions on South Africa and divesting American pension funds from companies profiting from apartheid will benefit both the black majority of South Africa and American workers. Such efforts give us greater control over our economy and keep capital and jobs from running away overseas. We can:

- get our union, church or community group to pull their money out of banks and companies that profit from South African racism. Demand that these companies end their domestic anti-union and anti-people policies. (For a list of companies involved in South Africa, contact the Washington Office on Africa.)
- get our union, church or community group to condemn the South African government for the continuation of its apartheid policies and to call upon it to immediately amend its labor laws to give full trade union rights to all black workers and to eliminate its arbitrary power of interference in union affairs.
- work to pass city and state laws barring deposit or investment of our tax dollars in banks and companies that profit from apartheid. The nationwide anti-apartheid movement has convinced states like Massachusetts and Michigan and cities like Philadelphia to pull their money out of South Africa.
- support efforts to pass national legislation to end loans to or new investment in South Africa and to compensate workers and communities for plant closings.

Join the struggle today for justice in South Africa and here at home.

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