SOUTHERN AFRICA
SOLIDARITY CAMPAIGN

VICTORY TO THE FREEDOM FIGHTERS

BROWN SASC POSITION PAPER

DONATION: 10¢
We stand for Christian Nationalism which is an ally of National Socialism. You can call this anti-democratic principle dictatorship if you wish. In Italy it is called Fascism, in Germany German National Socialism, and in South Africa Christian Nationalism.

--John Vorster, Prime Minister

Apartheid and the development of an advanced industrial economy in South Africa have been mutually dependent.

The discovery of gold and diamonds in the late 19th century created the need for a cheap labor supply to assure large profits for foreign mining interests. This was provided by the systematic destruction of traditional tribal life through wars, taxation and the theft of African land. This creation of a propertyless labor force was the beginning of the apartheid system, which has been the basis on which an advanced capitalist economy has been built in South Africa.

The South African economy still rests upon the apartheid system, which denies black workers any rights. Eighty-seven per cent of South Africa's land belongs to whites—who comprise only 4 million in a total population of 26 million. The African reserves ('bantustans') make up only the poorest 13% of South Africa's land—the most barren and overpopulated areas. Technically black workers are citizens only of the bantustans; in the white areas they are reduced to the status of migrant workers—foreigners in their own land. Prime Minister Vorster has stated:

We need them to work for us, but the fact that they work for us can never entitle them to claim political rights, not now, nor in the future...under any circumstances.

--The majority of black women are considered 'non productive' and must remain in the bantustans while their husbands and fathers work hundreds of miles away in white areas. The Deputy Minister of Justice, Mr. Froneman, has stated:

The African labour force must not be burdened with superfluous appendages such as wives, children and dependents who could not provide service...

--In 1975 government expenditure on black education was $46 per capita; for whites, $517 per capita. White education is compulsory and free. Black education is neither; it is also strictly controlled.
Dr. H.F. Verwoerd, then Minister of Native Affairs, explained this policy in 1962 as follows:

...The Bantu must be guided to serve his own community in all respects. There is no place for him in the European community above the level of certain forms of labour... Within his own community, however, all doors are open... Until now, he has been subjected to a school system which drew him away from his own community and misled him by showing him the green pastures of European society in which he was not allowed to graze.

--White workers on the average earn eight times as much as black workers, and the gap has been widening steadily. In 1975, average white per capita income was $2373; average black per capita income was $117, putting 63.5\% of all black families more than $35 below the $127.65 Poverty Datum Line (the minimum income compatible with bare subsistence).

--All nonwhites (blacks, 'coloureds' and Asians) must carry passbooks which include name, photo, working and residence permits and other official records. Failure to produce an up-to-date passbook on demand is grounds for arrest and imprisonment. In 1976 one-quarter of a million blacks were arrested on pass law offenses.

--Other laws such as the Terrorism Act and the Internal Security Act permit the indefinite detention, 'banning' and even murder of any person who questions the apartheid regime. Steve Biko was a recent and well-known example--hundreds of others 'disappear' without a trace.

Apartheid is essential to the white minority regime in South Africa. It assures South Africa's advanced industrial economy of a continuous supply of cheap migrant labor while at the same time preventing the black working class from developing any legal political means with which to better its condition. Under these circumstances, it is pointless to speak of reforming apartheid--it must be overthrown.

THE ROLE OF U.S. INVESTMENTS IN MAINTAINING THE SOUTH AFRICAN REGIME

Foreign investment has historically played a crucial role in the maintenance of the South African white minority regime. US investment, though minimal prior to WWII, grew phenomenally in the late 60s and early 70s; the US currently provides the South African economy with much of the capital and technology which cannot be generated internally. Lured by profit rates of 17-20\% (compared to the 10-11\% average of all US overseas investment), direct US corporate investment amounted in
1976 to $1.7 billion; bank loans, according to a 1977 estimate, consti-
tuted nearly $3 billion. These investments now make up a major portion
of the most strategically significant sectors of the economy.

SUPPORT FOR THE GOVERNMENT, POLICE AND MILITARY comes through the
sale or rental of weapons, computers, vehicles and communications equip-
ment.

Weapons--In direct violation of the 1963 UN arms embargo, the US
(as well as other western powers) contributes a vast array of weapons
to South Africa's powerful military machine. Through US-licensed foreign
manufacturers, these sales have included 40 fighter/bombers, several
hundred tanks, and many other planes, helicopters, armored vehicles and
artillery pieces. It should be emphasized that weapons sales are not
made merely for immediate profit—they are a calculated part of the crea-
tion in South Africa of a military machine capable of defending and pro-
tecting western investments.

Computers--American computer manufacturers control 70% of the South
African market. IBM computers are used by the Department of Interior and
the South African police to enforce the repressive pass laws; they are
also used by the Department of Defence, Department of Prisons, Armaments
Board and other agencies. Burroughs, Control Data and NCR also provide
computers. (Brown University owns $3,214,000 of IBM stock and $948,000
of Burroughs stock.)

Vehicles--Ford, General Motors and Chrysler produce about half of
the motor vehicles in South Africa; they supply trucks, cars and paddy-
wagons to the South African police and military. (Brown owns $1,200,000
of GM stocks and bonds and $1,320,000 of Ford bonds.) South African
General Electric (SAGE) has supplied 80% of the diesel locomotives now
in service on the state-run South African Railways, an essential part of
the migrant labor system. (Brown owns $525,000 of GE bonds.)

Communications--ITT is a major owner of the South African Allied
Technologies Corporation, which along with Motorola supplies sophisticated
communications and detection equipment to the South African police.
(Brown owns $421,000 of ITT stocks and bonds.)

SUPPORT FOR ENERGY PRODUCTION AND DEVELOPMENT: South Africa has no
extensive petroleum resources and must therefore import the vast majority
of its oil. Since under embargo by the Arab states, South Africa has
become increasingly dependent on US-supplied energy. Three of the six
major multinationals that import, refine and market oil in South Africa
are American; Caltex, Mobil and Exxon control 44% of the market for
petroleum products.

Directly following the Soweto riots in 1976, Caltex embarked upon a $134 million expansion of refinery capacity, with the aim of helping South Africa attain energy self-sufficiency in the face of increased international pressure for economic sanctions. Since February of this year, the US has officially banned all sales to the South African police and military, though only finished products shipped from the US come under the embargo. Under South African law, products manufactured or assembled and oil refined within the country must be available for sale to the government. Therefore, sales by Caltex and other US firms to the police and military have continued undisturbed.

Furthermore, through their South African subsidiaries or intermediaries Mobil, Caltex, Shell and other oil companies have assisted Rhodesia in importing all the oil it needs, in blatant violation of the economic embargo imposed on Rhodesia by the U.N. Security Council in May, 1968. (Brown owns $423,000 of Mobil stocks and bonds, $558,000 of Exxon stock and $852,000 of Shell stocks and bonds.)

Nuclear energy will play a key role in South Africa's development of energy self-sufficiency; U.S. corporations are providing necessary technology.

FINANCIAL SUPPORT: Two aspects of U.S. bank loans to South Africa have made them vital to the maintenance of white minority rule. First, they have come primarily during periods in which South Africa faced serious economic and political instability (between early 1975 and the end of 1976, when South Africa was experiencing both increased black resistance and a prolonged recession, U.S. bank loans increased by some $1 billion). Second, benefit from these loans has gone either to institutions of the apartheid government-through specifically designated loans, or to the police and military-through their increased subsidization from general loans. Loans are now the largest form of U.S. economic involvement in South Africa, and the regime has formally requested that new expansion by foreign firms or subsidiaries be financed at least 75% by foreign investment. With several billion dollars of loans outstanding, the U.S. has a very big stake in the stability of the South African regime.

Collectively, U.S. corporations operating in South Africa have made no significant impact on... relaxing apartheid... Rather, the net effect of American investments has been to strengthen the economic and military self-sufficiency of South Africa's apartheid regime...

--Sen. Dick Clark,
Report on U.S. Corporate Interest in Africa
U.S. CORPORATIONS CANNOT PLAY A PROGRESSIVE ROLE

I didn't mix with them in the States, I don't mix with them here and if I move back to America, I wouldn't mix with them there either.

--R. John Scott, former Managing Director of Ford/South Africa

It has been argued that American and other foreign corporations can play a 'progressive' role in South Africa. The argument runs as follows: US corporations contribute to the growth of the South African economy; eventually the benefits of this growth will filter down to black workers. Furthermore, through 'enlightened' labor policies such as the Sullivan principles, US corporations can improve the lot of black workers directly. If US corporations were to pull out, the argument concludes, black workers would suffer.

As shown earlier, US corporations bolster the South African regime through direct and indirect aid. It is naive and fraudulent to argue that these corporations can play any other role.

Between 1960-70 the South African economy chalked up a real annual growth rate of 7%. Foreign capital poured into the country; between 1970-75 alone, US investments doubled. Yet despite this phenomenal economic growth rate, the gap between black and white monthly income grew from $362 to $546. In the gold mines, real wages for black workers have not risen since 1911.

Political repression has increased with the rise of foreign investments, from the Sharpeville massacre of 1960 to the severe crackdown that followed the wave of strikes and the Soweto uprisings of 1976. US corporations have either acquiesced in or actively contributed to this repression--for example, in the strike wave of 1972-74 Colgate-Palmolive, an adherent of the Sullivan Principles, fired nearly its entire black workforce in the aftermath of an attempted strike for wage increases. (Brown owns $251,000 of Colgate-Palmolive stock.)

As of 1973, 79% of US multinationals paid their black workers wages below the Poverty Datum Level. As NY Times columnist Tom Wicker put it:

American businessmen ought to stop kidding themselves, or disguising their profit motive; when they invest in South Africa, they invest in apartheid. (12/6/77)

Many defenders of US corporate involvement in South Africa point to the 'Sullivan principles' as a source of improved conditions for black
workers. The Sullivan principles call for training programs, equal pay for equal work, equal opportunity, and better social services outside the workplace.

If US corporations followed the original principles to the letter, they would be guilty of violating South African law. As a manager of South African Caltex, Ltd. put it, 'My company doesn't want me to break the law and go to jail.' The original Sullivan principles were thus amended to the satisfaction of the South African government. The principles make no mention of trade union rights nor for changes in South African law, and have been endorsed by the South African government. The principles call for reform in words only, but offer no method for implementation. They are empty and paternalistic reform measures, that have been implemented by some US corporations in an attempt to appease liberal critics of the role they play in South Africa.

Even if all US corporations adhered to the Sullivan principles the number of black workers affected would be negligible. Only 70,000 Africans are employed by American corporations--a mere 1% of the workforce. Corporations such as IBM have adopted the Sullivan principles, and yet employ a workforce that is only .4% black. In other words, full implementation of the Sullivan principles will not change the basic structure of apartheid, because the...whole structure of the society is carefully designed to prevent generalised equal opportunities for black and white. At the same time, they (American corporations in S.A.) continue to benefit from the effects of that deliberate design by way of a cheap intimidated labour force. Their claims as reformers never speak of the fact that they system of apartheid in South Africa prevents blacks from acquiring education; prohibits from organising effective trade unions; forces them to live in restricted, culturally and economically deprived areas; denies them any freedom of movement.

Jennifer Davis
Senate Sub Committee Hearing on Southern Africa.

It should also be noted that Sullivan himself has conceded in the past that U.S. corporations probably ought to withdraw from South Africa.

In South Africa today, 1 in 4 black workers are unemployed. The effect of US corporate pullout on the 1% of the workforce they employ will be negligible in the face of this massive unemployment.

WHY BROWN SHOULD DIVEST

I think South Africa is a flagrant violation of human rights. But where do you draw the line? You have to take (the morality of investments) on a case-by-case basis.

Howard Swearer, BDH 3/16/78
But at the present time, there are too many unanswered questions... In time, as events further unfold in South Africa and we gain a better grasp of the likely consequences of the several options, these questions may be resolved...

Howard Swearer,
Alleged address at Rally called by SASC

Voting at stockholder's meetings for reform has historically proven futile. The few stockholders resolutions that have passed have called for reforms similar to the ineffectual Sullivan Principles. More serious resolutions have lost by an overwhelming number of votes if considered at all. Brown University, despite its claims of concern for the South Africa issue, refused last week to consider a resolution calling for 3M to pull out of South Africa.

There are several reasons as to why these resolutions have lost by such overwhelming margins. Stockholders invest in corporations that will bring them dividends—as do those in South Africa. Clearly it is not in their interest to interfere in their companies profitable activities.

In a rare moment of candour Elliot Maxwell, a member of the Brown corporation, admitted that stockholder's resolutions calling for corporate changes in South Africa would never gain more than 10-15% of voters support. Experience bears this out. Brown's most recent proxy vote against Manufacturers Hanover lost by a 95% margin.

Brown has its largest holdings in IBM, where it is already outvoted 40:1 by the board. With management holding so many votes, stockholder resolutions calling for corporate reform are invariably doomed.

The only serious change in corporate activities has come from public pressure and not from private stockholder resolutions. For example, Polaroid pulled out of South Africa when its black workers in Boston protested the company's sales to the South African racist regime. We can only build an effective movement against US support for apartheid by taking the issue out of the corporate boardrooms.

Most importantly, the piecemeal reforms that come through stockholders resolutions do not challenge the basis of the apartheid system. Because of the role U.S. corporations play, the liberation movements have called for a total withdrawal from South Africa.

We support the Freedom Fighters in this demand and it is for these reasons we call for Brown's divestiture.
Our call for divestiture is part of a national and international campaign in solidarity with the liberation movements in Southern Africa. It is not an isolated event. Many Universities, church groups, city and state governments have or are in the process of divesting.

So far, there has been no serious estimate as to how much divestiture will cost Brown. The university has refused to open its financial records. Approximations have been made that place the cost between $100,000-$200,000. (It should be noted that the University spent about $500,000 to lose the Louise Lamphere sex discrimination suit.) Other schools that have divested comparable amounts of their endowments (Brandeis, U. of Wisconsin) have suffered no undue financial hardships.

Divestiture is not simply "washing our hands" of the South African issue. Instead it is a serious show of our support for the liberation movements. It contributes to a larger national movement to end US complicity in South African oppression. To voice moral disapproval while reaping the profits of apartheid is nothing more than hypocrisy. Divestiture is the only possible recourse if we are serious about our opposition to apartheid.

WHAT YOU CAN DO

It has been central to our argument that the apartheid system cannot change through reforms but must be completely eradicated. The power to do this lies solely in the hands of the black majority.

Pressures for withdrawal are mounting, both here and abroad. Brown students and faculty who believe that the elimination of apartheid is necessary, can join the movement for divestiture in support of the South African freedom fighters.

JOIN S.A.S.C.

For more information call:
Carell Laurent--861 2347
Adam Max--863 6938
Ahmed Sehrawy--863 6858

The Southern Africa Solidarity Committee
# MARKET VALUE OF BROWN UNIVERSITY INVESTMENTS IN SECURITIES OF COMPANIES OPERATING IN SOUTH AFRICA (11/30/77)

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