THE AMERICAN CORPORATION IN SOUTH AFRICA: AN ANALYSIS

A FOUNDATION FOR ACTION

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During the last five years in the United States there has been an
escalating interest in the role of the American corporation in Southern
Africa, and particularly in the Republic of South Africa. Questions have
come from many quarters - from universities such as Princeton, from numerous
Protestant Churches, from Peace Corps returnees, from sectors of the black
community, about the question of American investment in South Africa. Some
groups which held stock in corporations with subsidiaries in South Africa
have pushed them to explain their involvement in a land known around the world
for its policy of apartheid.

However, while pressure on corporations who pollute the environment or
have discriminatory hiring practices has often been based on hard, detailed
data, too often that data has been lacking as we have analyzed specific
American companies in South Africa. Obviously such research is necessary
for any intelligent analysis of both the general effect of American invest-
ment in South Africa and the role a certain company may play. In an attempt
to gather some of this data I spent the months of July and August, 1970,
travelling in South Africa interviewing representatives of approximately
twenty businesses there. Since I was preceded by letters of introduction
from parent companies, fortunately these interviews always included the
Managing Director of the company, often accompanied by Labor Relations
Officers and other officials.

In addition, I met union leaders, journalists, students, publishers,
economists, professors, and American and Canadian government representatives.
Obviously it was vitally necessary to juxtapose the views of white Americans
and South Africans with those of Africans, Asians, and Cape Colored to
establish a true perspective; and, therefore, a good deal of time was spent
with students, unionists, academics, etc., in these communities.
The following report is a drawing together of portions of this data to help us continue our reflections on an appropriate strategy regarding American corporate presence in Southern Africa. Obviously this report is not an attempt to be definitive — this research must and will be continued — however, some of these facts and impressions will be new and relevant pieces of input into the research and action field.

To help clarify how the following data fits into a pattern, let us somewhat precipitately list a series of brief conclusions that come out of this study. One must recognize there is a built-in limit caused by a sampling of twenty companies out of hundreds. Nevertheless, some patterns repeat themselves virtually across the board; and, therefore, projection to the whole U.S. business community seems a fair exercise.

The fact is that American business and American businessmen assist in perpetuating and strengthening the racial status quo in South Africa.

1.) Individually, American businessmen generally support the racial policies of the South African government or a slightly modified form and work contentedly within the white South African context of labor relations.

2.) Their attitudes also reflect a generally hostile stance toward America's "hard line" (their term) foreign policy toward Southern Africa. The attitude spectrum goes from "let South Africa solve her own problems" to strong hopes for American acceptance of and support of South Africa's "sensible" policy. Therefore, any lobbying in the USA is or would be for a more sympathetic policy toward South Africa.

3.) Even when critical of certain aspects of South African government economic policy, American business representatives insure that both their personal and corporate relationships with the government are extremely cordial.

4.) Their personal relationships inside South Africa follow a "whites only"
format. This greatly affects their perceptions of the lives, needs, and aspirations of Africans, Asians, and Coloreds.

5.) They believe that revolution and majority rule are both against their best interests since such change would hurt the economy and their firms. Therefore, they are against radical change leading to a transfer of power from white hands.

6.) Generally they believe that things are much better for "non-whites" than ever before because of the increased standard of living.

7.) Often they are frustrated by restrictive government legislation in the economic field, but few oppose the government policy of industrial "border areas" which is clearly racially motivated.

8.) South African executives working for American subsidiaries tend to follow these patterns.

AMERICAN CORPORATIONS

1.) Subsidiaries state they are "apolitical" in South Africa. However, their presence there exercises a strong political and economic effect in the favor of the status quo.

2.) By both their admission and that of the South African government, American subsidiaries help strengthen, diversify, stabilize, and make the South African economy self-sufficient. Such a role also creates a vested interest in the economic status quo by these corporations.

3.) Generally US companies operate within the context of given South African business norms, eg. while they might oppose Job Reservation as too restrictive, they would generally pay the going rate for an African worker rather than what he is worth. Also, many would consider moving into border areas for economic reasons, despite the racial implications.

4.) Concern for non-white workers is invariably a paternalistic concern rather
than a desire to provide workers with benefits, wages, and powers which are their right.

5.) As guests in South Africa, subsidiaries felt they must follow the laws and customs of the country. This stated intention leads them to acquiesce to a system which is openly racist.

6.) Charitable contributions are made to the South African Foundation by a number of businesses, an act which has distinctly political overtones.

7.) While many American subsidiaries would join with a number of South African firms in attempting to liberalize certain of the government's labor policies, they are neither explicitly nor implicitly working toward an erosion of white control.

Appendix I lists samples of questions asked in interviews, and Appendix II the companies visited.

**ATTITUDES OF REPRESENTATIVES OF US BUSINESS**

Perhaps it would be instructive to start with an accounting of the individual attitudes and social outlook of the representatives of US business. These attitudes are revealing on their own, but they are doubly important when one asks fundamental questions about American corporations' effect upon social change in South Africa and their effect on the formulation of American foreign policy toward South Africa. One cannot make deductions about the attitudes and actions of every American or South African working for American firms, but certain general trends are both obvious and important. It should also be noted that a majority of American companies have white South African nationals in top level positions of responsibility who, of course, tend to follow the prevalent racial patterns.
GENERAL ATTITUDES

In July, 1969, Market Research Africa (Pty) Ltd., a member of the Charles St. Thomas Group in Johannesburg, compiled "A Study of the Attitudes of American and Canadian Businessmen Based in South Africa Towards Selected Issues Regarding the South African Economy, Business and Politics." This was the third in a series of yearly surveys designed to measure changes in the attitudes of American and Canadian businessmen living in South Africa. It was presented as a promotional device at the American Management Association's seminar on Business Opportunities in South Africa held in New York, August, 1969.

One hundred six replies were received to the questionnaire, a 35% response of those polled. Not surprisingly those polled found the economy very healthy (75%), expected it to expand and considered that business opportunities were "better than one would find in most developed countries" (90%). Fifty eight percent felt that gross pre-tax profit opportunities, as compared to other developed countries, were excellent.

Perhaps more important, 77% felt South Africa's racial policies represented "an approach that is, under the circumstances at least, an attempt to develop a solution." Less than one in ten continue to feel that the approach is "altogether incorrect."

Of those interviewed, 31% stated that they would vote Nationalist if eligible to vote, 32% United Party, and 20% Progressive Party. Simple arithmetic shows that 63% of businessmen polled would have voted for parties strongly supporting the general system of apartheid. From representatives of companies interviewed we have gathered even more detailed data. Interestingly enough, there seemed little difference between US subsidiaries with US citizens or white South Africans as top management. In terms of their conduct
in South Africa and the reports fed back to the parent company about the economic and social conditions of South Africa, they are remarkably similar.

**SOCIAL ATTITUDES OF US BUSINESSMEN**

The social relations of American businessmen in South Africa may be a partial indicator of their attitudes. When top management were asked whether they had any friends or acquaintances in the African, Asian, or Cape Coloured communities, to a man the answer was no. One of the more sensitive men admitted that the closest contact he had made with Africans was at the U.S. Embassy July 4th function. Echoing the situation of all interviewed, he explained that inter-racial contact for American businessmen in South Africa is tremendously difficult unless a person made extreme efforts. Of course, in South Africa the incentive to make that extra effort is negligible.

The grossest reaction to the question about inter-racial contact came from the Managing Director of Ford Motor Company in South Africa, who simply stated, "I didn't mix with them in the States; I don't mix with them here, and if I went back to the States, I wouldn't mix with them there either." It is an obviously fair conclusion to state that American and South African managers of American business fit into one of the predominant white social patterns in South Africa, that people do not mix across the race line.

When questioned about certain aspects of life for "non-white" South Africans, almost invariably businessmen interviewed started talking about their servants, "my boy" or "my girl" as they put it. Their only close contact with "non-whites" was with their servants; yet many talked as if they were experts on the customs, culture, superstitions and problems of non-whites. For instance, one executive stated in an appreciative way that Asians were the best waiters in the world.
The implications of this "whites only" social pattern are more significant than the fact itself. (Note: The term "non-white" is being used in this study to signify the total grouping of Africans, Asians, and Cape Coloureds. It is an offensive white South African term but allows us to refer to these three groups under one heading.) These men have tremendous power over the lives of thousands of "non-white" workers, and their attitudes about African, Asian, and Coloured people often bear no relationship to the facts—or at most a very racially prejudiced relationship. The way they use this power mirrors these attitudes.

The extension of the problem is this: Many of these corporate personnel felt they were speaking with authority when they talked about "the Bantu." (The very fact that the term "Bantu" was so easily used instead of African symbolizes insensitivity to African feelings and an open ear to the official language of the government since many Africans find this term highly offensive.) They felt they had a good grasp of the needs and aspirations of "non-white" South Africa and acted accordingly. Thus, one Chrysler executive could say, "the African doesn't want a trade union. He isn't used to democracy, he is used to an authoritarian hierarchical tribal structure. He accepts the white man as his guardian."

The fact is that African trade unionism had some very strong roots especially in the time of Clements Kadalie before it was destroyed by the South African Government. Further indicating this official's misunderstanding of "non-white" aspirations was the quickly volunteered opinion of a Cape Coloured woman working in the plant that the "non-white" workers desperately needed a union.

The white South African mythology about the needs, desires, and customs of "non-white" South Africa therefore becomes operative in the life of the American subsidiary in South Africa and is fed back to the U.S. parent
company. Thus, any information dispersed by U.S. corporations in the U.S.A., whether to the government or the public at large, is often based on exactly this kind of interpretation by their subsidiary. (eg. Our Africans are happy, our "non-whites" wouldn't want a union, Africans don't need as much money to live as whites.)

Such executives will use what power they have both in the macrocosm of South African society and in the microcosm of their plant, to perpetuate a status quo that rests on white superiority, denies black workers political rights, a living and just wage, and the right to organize. At best, the American and South African manager reflects a warm paternalism, concerned from afar with "these people's needs," at worst an impersonal desire to bring "these uncivilized savages" into a technical age and work them hard for the American factory's profit.

Stereotyped comments often heard were: "Africans are very content in South Africa." "Look at my 'boy' and 'girl' (read servant), they're making more money than they've ever made in their lives and are perfectly happy." "Cape Coloreds are basically dishonest." "Africans can do repetitive jobs, but it is very difficult to train them past that point." It would be an understatement to say that American business' understanding of and sympathy for the suffering of the non-white majority is minimal.

The vast majority of those interviewed stated that life for non-whites in South Africa had improved substantially over the past ten years as the economy boomed and as the standard of living increased. This contention will be dealt with in depth later in the report; but, needless to say, few if any Africans, Asians, or Coloreds we talked to could embrace this contention with any enthusiasm. The crossection of those businessmen interviewed had very little knowledge of non-white maltreatment suffering or inconvenience.
Very few knew of the massive removals of Africans being carried out by the government, for instance.

Even the most "liberal" representatives of American business, men who would have voted for the Progressive Party, stated their firm opposition to majority rule in South Africa. Many stated they felt that white control insured a stable economic order. Derogatory comparative remarks with independent Africa and the supposed economic and political instability of the rest of the continent, were used to legitimize minority control in South Africa. Mr. Emlett, the Managing Director of Union Carbide Southern Africa, a company which has taken a sizeable economic loss because of economic sanctions against Rhodesia and lobbies quite openly against sanctions in Washington, stated calmly that he was against majority rule since it would be bad for both the economy and Union Carbide. Mr. Emlett further pursued his particular political beliefs favoring white control by serving on the U.S. - South African Committee of the pro-apartheid South African Foundation. Mr. J. Purcell, Managing Director of Goodyear in South Africa, a McCarthy type of Democrat who stated he would vote Progressive if was was South Africa, also spoke strongly against majority rule saying it would "create chaos." Neither of the men addressed themselves to the particular kind of "chaos" which non-white South Africa presently faces under apartheid. It is obvious that men whose job it is to monitor the economy and protect the profits of their corporation do so whilst ignoring the political cost or the human suffering.

THE ROLE OF THE CORPORATION

Using the attitudes of the individual manager of an American company as a general backdrop, let us explore the role of the American corporation itself.
and how it relates to the South African society and economy. Officials of U.S. parent companies have been forced to explain this relationship to inquisitive citizens who ask about their South African holdings. These explanations often include these positions, 1.) U.S. know-how, skills and investment have contributed substantially to the South African economy, e.g. on June 30, 1970, GM/SA stated, "GM South African has made a major contribution to the growth and development of the Republic." 2.) Usually the enlightened attitudes of both U.S. businessmen and U.S. corporations lead to a more humane wage, labor and benefits policy for all those employed. Many companies speak proudly of being leaders in the South African field, perhaps among the first with a certain pension scheme or wage policy. In addition, non-whites are being taught technical skills, they explain. These technical skills and the rising standards of living make life for non-white South Africans much better than ever before. 3.) American businesses are contributing to the breakdown of apartheid by undermining certain discriminatory labor laws such as the Job Reservation Act limiting certain jobs to whites, and the quota system demanding a percentage quota of whites in industry in specific areas. American businesses are aiding the liberalization of apartheid laws and are in the forefront of progressive changes leading to the development and expansion of job opportunities within South Africa.

4.) As guests in a country American business, whether it likes it or not, must follow that country's laws and customs and must be "apolitical" in its activities in South Africa. 5.) One could not expect it to disengage and bring a loss upon stockholders. 6.) American corporate presence in South Africa is consistent with the foreign policy of the United States.

A RESPONSE: The following are partial responses to these claims.

1.) It is undoubtedly true that American capital and know-how have
played a key role in the expansion and health of the South African economy, but it is the interpretation of this fact that is most pertinent. This supposition is affirmed from numerous sources. Although American capital is numerically small (12% of all foreign investment in South Africa), it plays an important role in key sectors of the economy. Certainly the essential auto, rubber and oil industries have been helped immeasurably by the technical and financial input of U.S. corporations. The main issue is the political implications of this investment and economic assistance.

**AMERICAN BUSINESS IN A TIME OF CRISIS**

One of the political implications, or political side effects, of this single-minded desire to strengthen the South African economy and carve out an economic "place in the sun" for the American corporation, as one corporate manager put it, is the response of American business to a crisis such as the political-economic crisis of the early 60's. The role and response of the American corporation at that time may provide several lessons.

Perhaps the facets of that important period are more appropriately described by the words of the supporters of apartheid rather than an opponent. The South Africa Foundation, an overtly pro-South African organization, described it in this way in its tenth annual report:

In March, a month after the Foundation had opened its office, the tragedy of Sharpeville occurred. This was followed by strikes, demonstrations and further riots at Langa, Pinville, Dube, Bloemfontein, Durban, Pondoland and elsewhere. A state of emergency was proclaimed and world confidence in South Africa seemed to dissolve. In April a madman seriously wounded the Prime Minister in an attempted assassination.

Despite these climactic events, constitutional government and good order were maintained and the threat of economic collapse and political revolution receded despite continuing unrest. Just when the situation appeared to improve, international misgivings were again revived by the announcement of a referendum to decide whether South Africa should be a
Republic. But early in 1961 at the Commonwealth Prime Minister's Conference in London, Dr. Verwoerd withdrew South Africa's application for continued membership as a Republic of the Commonwealth. The crisis of confidence reached a critical phase. The stock market fell, people and capital fled the country, gold and foreign reserves dwindled. South Africa's future looked bleak if one was to judge from press, radio, and television reports, or from the pronouncements of some politicians, churchmen, academics, and other observers. The situation was, as might be expected, exploited to the full by the United Nations, certain Afro-Asian countries, the Communist powers, and by a legion of well-meaning but largely ineffectual "do gooders." But the tide had turned. The new Republic weathered the storm and slowly peace, progress, and prosperity resumed their march.

The description continues in another established source. The economy "hinged on a sharp decline in confidence when, as growing unrest in the country and the changing colours on the political map of Africa seemed to presage a large-scale internal conflict of wills, the flow of foreign as well as domestic investment became more hesitant. These uncertainties were clearly reflected in a net outflow of private capital of about $194 million during 1960. Of the R176 million which the Reserve Bank could 'identify' some R148 million was a repatriation of foreign indirect investment via sales of listed securities, and R28 million was previously South African resident capital being placed abroad. A further net R45 million of foreign capital left the country during the first half of 1961." (1R = $1.40) (Note: Merton Dagut, "The South African Economy Through the Sixties," Optima, Johannesburg, September, 1969.)

The financial crisis was, of course, also a political crisis. Paul Sauer, Deputy Prime Minister and acting Prime Minister after the wounding of Dr. Verwoerd, had stated boldly that the time had come for a re-thinking of South Africa's racial policies. Admittedly, Mr. Sauer's re-thinking, in all probability, would have been a shallow one and far from equal rights for all South Africans. But the point is this! At a time in which political and
economic instability was leading to a type of re-evaluation, the natural inclination of the profit-motivated U.S. businessmen was to stabilize the economy, since economic instability threatened profit and growth. In this case, of course, economic stabilization meant a return to the political normalcy of "apartheid as usual." It was in this critical period that several American companies ran advertisements proclaiming their faith in South Africa's future and Charles Engelhard initiated the American-South African Investment Corporation, a means of attracting American capital back into South Africa. American business pushed for a return to economic stability even though the stability of the status quo automatically assisted in crushing hopes for even mild political change. In the frank words of the Managing Director of Goodyear Tyre Co., S.A., American business in South Africa must be inevitably "counter-revolutionary," opposed to radical political change especially by violence. Revolution, or even rapid social change, would not be in the best interests of these companies since it would obviously jeopardize their profit and long range growth possibilities, he said.

The plea of most U.S. businesses that they are "apolitical" creatures who as a rule of thumb do not interfere in politics is as shallow as it is convenient. If a corporation simply meant that it did not give partisan funds or support to a political party then they might be able to defend their position, but to pretend that U.S. business presence and actions in South Africa have no political implications is ludicrous.

However, many corporations parade the argument that they are apolitical as if it had the quality of a natural law to it. A Chrysler P.R. statement claims "Chrysler does not believe it is its mission to oppose laws and customs in host countries because they differ from ours." John Deere writes
to a church executive, "In doing business, however, we do not find it possible to be involved in judgments very much beyond the normal business relations of a supplier and a customer."

3M wrote to the Council on Economic Priorities, "In all phases of our international operations, we keep in mind, and try to instill in each of our employees, that when we do business in other countries, we are guests in those countries and try to conduct ourselves accordingly. This means that we tend to follow local customs and refrain, as foreigners, from attempting to impose our own views and policies—which, in our case as an American company, involve the active promotion of the equal-opportunity-employer concept." These sorts of explanations are repeated endlessly.

The extreme question to that position is to ask if a corporation actively investing in Nazi Germany would call itself "apolitical," especially if their presence and product assisted the Nazi military potential. For many, people this comparison is not extreme, for South Africa's leaders come from that same breed and her official philosophy of racism is equally offensive, especially in the "non-white" world's eyes.

The more moderate question is this: Is it not obvious that the investments of huge multinational corporations automatically carry with them de facto political implications? These same corporations go to great pains to explain how their investment in developing countries assists in the process of economic development which some would contend helps build a stable political base. In other words, international business has already admitted that the simple act of investing or establishing a factory in another nation has real and perceptible effects upon the life and internal affairs of that nation. However, in the case of investing in developing countries, corporations feel they have proof of the beneficial effects of their investment and therefore, proudly propose this theory. In the case of South Africa, many of these
same companies hide behind the "apolitical" mask, explaining that their involvement there is solely for business reasons.

In fact, the political implications of investing and doing business in South Africa are very clear. Investment in the auto, oil, and rubber sectors of the economy assist in building South Africa's military potential. Trucks made by U.S. firms sold to the South African army are but one example of the way in which a "neutral economic investment" helps South Africa. Oil explorations assist South Africa in her frantic search for petroleum, a key strategic product.

Such assistance strengthens the white minority's military power, ultimately assisting them not only in suppressing rebellion at home but also in fighting African Liberation Movements in Mozambique, Angola, and Rhodesia.

In addition, a strong healthy economy in South Africa allows South Africa to continue her politics of white supremacy unshaken.

Polaroid's recent swarm of advertisements in the U.S.A. while deceptive in their contention that education and an expanding economy were a key to change in South Africa, spoke directly to the point that U.S. business is "apolitical" in South Africa. Polaroid stated that it would no longer sell ID-2 identification systems to the South African government for use in the passbook program, admitting that such sales assisted in the white oppression of the black majority. Such an admission by Polaroid helps to crack the myth that U.S. corporations in South Africa are apolitical. When a corporation provides important materials, know how, or equipment for use directly or indirectly in the process of oppression it is both morally and politically implicated in their use. In the future more and more corporations will be forced to admit that their rationale that they are apolitical does not have
the religious sanctity of "natural law." One fears, however, that we will be treated to elaborate exhibitions of window dressing which seem to be conscientious challenges to white South Africa but are in fact attempts to curry favour back home without really endangering their South African position.

**AMERICAN BUSINESS - AN ENLIGHTENED INFLUENCE?**

We have dealt already with the personal attitudes of the representatives of American business, be they American or South African. In the words of one American Managing Director, Americans here are not much different than white South Africans, they either support the system totally or in a modified form. The comforts which all whites in South Africa enjoy assist in destroying any liberalism they originally may have had, he continued.

In reply to the argument that American business is enlightened in South Africa, several points are in order. One should quickly point out that companies and business norms in the U.S. are infinitely more progressive in labor relations, etc., than the prevailing business norms in South Africa. For example, U.S. business now recognizes, perhaps out of a sense of self-interest, that it must hire, train and promote black Americans in its American operations, if it is to retain any social credibility in American eyes. In South Africa the question of hiring and meaningfully training blacks for better positions is a "non-question." While here it is a source of inflated pride to point to a long overdue hiring and training program for black Americans, in South Africa it would be a public relations disaster to start such a program since it would be interpreted as undercutting white jobs. Government and unions would immediately be on your back. No business journals or businessmen in South Africa refer to "social obligations" toward "non-white" South Africa. The most one hears is a
reference to skills one picks up and the employment provided by working in Company A or the black charities that Company B gives to. The South African context of avowed white superiority and control should insure that claims of "enlightened practices" in South Africa face close and skeptical scrutiny back in the U.S.A.

Multinational corporations are also at pains to point out that they are religious in their observation of the laws and customs of the host company in which they are a guest. In South Africa this would mean that "liberal" business practices in the U.S. sense would be frowned upon and might bring a bad reputation to a company.

The international principles of Calitex (See Appendix VI) applied to the South African situation indicate a "good citizen" policy which allows little leeway for going beyond the limits set by the South African business community. If those norms and limits are unapologetically racist, American companies would plead that this is not their fault. These are the rules of the game, and they must acquiesce.

WAGES

A frequently seen example helps illustrate this point. Chrysler South Africa is a company proud of its labor record and its "liberal" stand in the South African situation. Chrysler officials quietly disclose that they really ignore the Job Reservation Act and allow Africans or Coloreds to take white reserved jobs under a slightly different name (although they do not pay them the white wage rate). These officials, as most men interviewed, had high praise for their workers, citing quality, speed and efficiency of production as well as low employee turnover as signs of a healthy, productive factory. In the Elies River plant near Capetown the Plant Managing Director stated that the Chrysler product was easily equal to their product manufactured
in their plants in Turkey and Italy. Quality, efficiency, the dedication of workers were easily comparable. Chrysler was proud of their product and work staff. However, when asked if the Cape Colored workers in the factory were paid the rate for the job (equal pay for equal work), he candidly confessed that the market laws of supply and demand differed for whites, coloreds, and Africans. He could pay a Colored man less than a White and still be competitive in the market. Therefore, Africans and Coloreds are paid what Chrysler or other American companies can get away with and still keep him as a worker. It seemed immaterial that starting workers were paid wages below the poverty datum line (breadline) or that maximum ceilings for whites and non-whites favored whites, or that skilled and respected long-term colored workers were paid $135 a month—scarcely $60 above the breadline for an average family. (See Appendix 4 Chrysler and Coloured Union Organizing in the Cape)

Workers were not paid with consideration given to their worth or their needs (to stay alive). They were paid within the customary norms set by the South African business community. It is interesting to note, for instance, that Union Acceptances Limited, a Johannesburg based firm which produces a handbook of comparative wages and benefits of employees for the use of corporations who desire to remain competitive has just recently included four pages out of 334 pages on non-white workers. Until this time comparative statistics on wages and benefits for non-whites were not really of interest to employers. Companies just paid what they thought made sense in the context. Enlightened policies in the South African context are hardly enlightened from the point of view of non-white South Africa or international labor.

Some comments on average wages paid in the South African situation also help to set the claim of "enlightened wage policies" by American companies
in proper context.

A 1969 study produced by the Isando Industrialists Association (Isando is an industrial area outside Johannesburg containing numerous American companies) contained the following data to be used as guidelines for competitive wages. Replies were received from 67 members representing a 44% response. The survey was entitled, "Bantu Wage Structure Survey."

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<th>Lowest</th>
<th>Average</th>
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<td>R10-40</td>
<td>R21-50</td>
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<td>Operatives and Semi-skilled</td>
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<td>R8-50</td>
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(1R = $1.40)
The Survey also noted two monthly cost items for Africans: 1.) "Average Payments by Bantu for Accommodation and Travelling" R4-50 a month for married, R2.60 a month for single; 2.) Travelling per week R .60 per week from Tembisa, R.2.00 a week from Soweto. It also showed whether feeding schemes such as free lunches or tea were provided for workers. Nineteen of 67 respondees had feeding schemes, ten of these free, nine contributory.

Several points can be made from this Survey. 1.) In South Africa even provision of a feeding scheme or medical assistance program is rare; and, therefore, a company like GM might consider itself "liberal" since it provides such a service. It undoubtedly is "liberal" in this context, however that context is incredibly paternalistic, inadequate, and far from even the climate in the U.S.A. A "liberal" company in South Africa could easily be classed as exploitative and unjust by international standards.

2.) As seen in the survey, six out of the ten jobs listed provide wages on or below the poverty datum line (breadline) established by the Dept. of Non-European Affairs Dept. of Johannesburg of 60R. a month for a family of five. A normative competitive and respectable wage in South Africa may be a starvation wage for an African. A "liberal" company in that context may well pay slightly, or considerably, above that average; but it is far from what the worker needs or what his labor is worth and far from what would be considered a respectable wage, a rate for the job in international terms.

Much more to the root of the question is the nature of international capitalism. Experience in America as one watched the struggle and birth of unions should have taught us that American corporation did not provide decent wages and benefits without considerable pressure from workers. Under South African law Africans, Asians, and Coloreds are prohibited from forming effective powerful unions. There is no pressure upon these companies from within South Africa to prohibit exploitation of labor, etc., except the
market itself. For example, as skilled industrial labor becomes scarcer, competitive worker benefits, e.g., pensions, are provided to ensure that workers would not be lured to another plant. What sense of "decency" and "fairness" is exhibited by these corporate officials is also imbued with a deep paternalism, a sureness that Company A "knows what is best for its Bantu workers."

The claim of American subsidiaries that they have "enlightened" wage scales and labor relations is considerably dampened when one asks, "More enlightened than what!"

**EXEMPTIONS: A FACTOR IN TOEING THE LINE**

Another extremely important factor limits the "liberalism" of a foreign corporation in South Africa. Because of the numerous and complex labor legislation in South Africa, companies are often forced to seek exemption from government legislation. Exemptions are needed to allow a "non-white" in a white reserved job, to change the quota of white to "non-white" workers, to increase the number of African workers in a plant in certain areas, etc. If a company desires to be the recipient of such exemptions, it is obvious that it must not be on a bad footing with the government.

On several occasions the example of a government boycott of Ford products was raised to make the point—that a company should not cross the government. In 1966 Ford was about to sell a quantity of four-wheel-drive vehicles to the South African government from Canada when the Canadian government stepped in and declared the sale illegal under the U.N. arms boycott of South Africa. Ford South Africa faced two years of a South African government boycott of their products in response, an act which hurt them considerably and brought Henry Ford to South Africa to "make peace" with the government. The lesson was obvious. Good relations with the South African government are essential for a foreign company to do good business in South Africa. Of course anything
which the government might consider a "political" act by a company would jeopardize that relationship. In this context it would be absurd in the mind of these companies to consider speaking out publicly against government policy. "Good corporate citizenship" in South Africa prevents any drastic diversion from government policy or accepted norms.

Among those interviewed and from correspondence with additional companies, it seems that even the companies who seriously complained about the restrictive effects of the government's economic policy described their relationship with the South Africa government with terms like "excellent," "amiable," "good working relationship at all levels," "honest," "direct," "the government has always treated us fairly," "mutual respect." It seems clear that one of the costs of doing business in South Africa is the establishment of a friendly working relationship with the government. That close relationship, functioning as it must on amiable terms, exposes the corporation and its officers to the government point of view. Thus, it often becomes both psychologically and financially beneficial for the company to listen acceptingly to both government problems and solutions.

Rather than American companies in South Africa acting as the liberalizing leaven in apartheid, it is in their best interests to cooperate with the government and against their best interests to act out a moral stand by opposing government racial policies. Private complaint or a public stance against government policies risks the profits which initially drew the corporation to South Africa. True, some American businesses have joined some of the more verligte (enlightened) Afrikaaner and English businesses in pushing against restrictive labor legislation, but they are certainly no more vociferous than their South African counterparts and generally tend to accept the context of opposition set up by their South African business colleagues. The context of
opposition will be dealt with later in the paper, but it would be an understate-
ment to state that South African business firmly endorses white control in
South Africa and is only willing to open employment opportunities for "non-
whites" in order to keep industry rolling smoothly. In no way would they
consider sharing power with Asians, Africans, or Coloreds. American business
follows this model and acts accordingly.

RELEVANT LAWS AND CUSTOMS

Since these corporations are committed to working within the laws and
customs of South Africa, it is necessary to look at some of these laws and
customs.

The South African government is terribly concerned about the increase of
black population in the cities. One response to this movement of African
labour into "white" industry and "white" cities is the border industry policy,
which seeks to divert industrial development to the borders of the African
Reserves. The Reserves function as reservoirs of cheap labour within easy
access of industry rather than to become the economically developed regions
pictured in apartheid ideology. Through such measures as the Physical Planning
and Utilisation of Resources Act of 1967 the government is encouraging the
establishment of new industries and the relocation of urban industries in
these border areas. Among the incentives offered by the government to com-
panies to move into these areas has been the authorization of African wage
rates lower than those in the cities. Government Wage Determinations for
industries in these areas have tended to recommend wages lower than elsewhere,
and often lower than those actually being paid in them at the time. Between
1960 and 1968 over $360 million had been invested in these border industries,
creating employment by 1969 for about 109,000 Africans and 35,000 others.
While at the moment this is only marginal significance relative to the size
and importance of urban industry, it must be contrasted with the almost total neglect of industrial development in the Reserves, where between 1960 and 1966 only thirty-five new industries were established, employing 945 Africans.

The Physical Planning Act and its accompanying incentives are clearly part of a racially motivated political strategy to keep as many Africans as possible away from the "white cities." Companies such as Firestone and International Harvester, by expanding into these border areas, support government policy in a very important way. This is often a factor of political sympathy by corporation executives. For instance, International Harvester's Managing Director stated, "This Bantustan thing—I agree with it 100%. It is economically and politically sound. I am sympathetic to what the South African government is trying to do. I don't want hundreds of Africans running around in front of my house." However, whether openly sympathetic or not, such a move has obvious political implications undercutting the claim of many American corporations that they are "apolitical."

The plan to create "border areas" is part of an overall design to remove "inessential" Africans from all white areas. The removal of these inessential Africans has taken two basic forms: the removal of whole African settlements from rural areas designated as "white," and the removal of individual Africans by "endorsing them out" under various movement controls. Up to the beginning of 1968, 193 African communities—a total of 73,000 people—had been removed from their rural settlements, and 276 more were scheduled for removal. Each year thousands of Africans are endorsed out of the urban areas to the Reserves. The government has made it clear that it intends to expel economically inactive Africans from the white areas.

The migrant and rightless status of Africans working in the "white" areas is secured by a complex system of labour and movement controls which severely restricts the rights of these Africans. The government has been extending
the migrant status of these workers, notably by the Bantu Laws Amendment Act of 1964, the Bantu Labour Act of 1964, and the Bantu Labour Regulations of 1965 and 1968. Under these Regulations, no African may leave the Reserves unless he has obtained a contract of employment through a government labour bureau, and no such contract may be valid for more than a year, though it may be renewed. In addition, a man's family may not automatically travel with him. Through these labour bureaux, the government wields very wide powers over African workers. The rights of Africans to stay in "white" areas because of certain qualifications such as birth, long residence of continuous employment in them, have been whittled away. Commenting on the 1968 Regulations, a government minister declared that through them "we now give judicial recognisance of our expressed policy of building our economy on contract labour."

The whites want the continued use of African labour without the continued residential presence of African people in the "white" areas. Thus, non-essential Africans are removed, while essential African workers are shuttled about, deprived of rights in the places where they live and work, and without jobs in the "homelands" where they are told to exercise their rights. Through this migrant labour system the whites secure their supposedly contradictory goals of prosperity and white supremacy and racial separation, at the expense of the Africans, on whom it inflicts permanent instability, the destruction of family life, and other serious disabilities. While U.S. firms may find some of this impractical, there is no chorus of raised voices in protest.

The job colour bar is extensively prescribed in legislation, and up to 1968, twenty-four job reservation determinations had been made under the Industrial Conciliation Act, which gives the government wide powers to make such discrimination. The job colour bar is also secured by various other means. But these determinations affected only about three per cent of the labour force,
and up to June 1967, out of 891 applications from employers for exemptions, only 74 were refused.

In fact, many American corporations interviewed either did not directly face a legal form of job reservation or had been granted wide exemptions from certain parts of the law, such as hiring an extra "quota" of Africans or allowing vacated "white jobs" to be taken by "non-whites."

However, lack of legal restrictions did not make them automatically progressive companies. What was not prescribed by law was an equally stringent custom. Many American employers explained that while it may be legally possible it would be disastrous in terms of white employee reactions to bring a "non-white" into a "white" job or allow a "non-white" to be in a supervisory position over whites. Custom and deference to the feelings of white employees often takes on the character of a law and would be just as unthinkable to transcend. U.S. firms were, in general, properly respectful of these white customs and feelings.

ECONOMICS AND SOCIAL CHANGE

We move to the contention of some American businessmen that apartheid is breaking down since it is economically unrealistic, and that economic forces will push South Africa to a more realistic economic and racial policy, improving the lot of non-whites.

LIFE IS "BETTER" FOR NON-WHITE SOUTH AFRICANS

We have pointed out that almost no American or South African businessmen have contacts outside the white group in South Africa, a fact that greatly colors their perceptions of the reality of non-white life. We have also indicated that these men speak with assumed authority when they discuss the needs and aspirations of non-white South Africans. These are the same men
who state that things have substantially improved for Africans, Asians, and Cape Coloureds and point to their rising standard of living as proof that things are not as bad in South Africa as many are led to believe.

Within the ranks of these American business managers, the theory that industrialization and economic growth will substantially better the position of the non-white community and may work to undercut the overall policy of "separate development" also has considerable currency. It is important, therefore, to try to put this theory in perspective and especially to define what they mean when they talk about the undermining of apartheid.

As a start let us analyze the argument that "non-white South Africa has never had it so good," since the standard of living for Africans, Asians, and Coloureds has been rising as a result of the economic boom.

One must seriously ask whether the overall quality of life for Africans, Asians and Cape Coloureds in South Africa has actually improved to the degree that many American business representatives contend.

Dr. Francis Wilson, a Capetown economist and editor of South African Outlook, helps put the picture of a rising income and standard of living for blacks in a realistic context in a May, 1970, Outlook article. He writes,

It is true that in the manufacturing sector (which in 1967 employed 350,000 Africans) the annual cash income of the average black worker between 1936 and 1964 rose from R84 to R410: an increase, in real terms, of 90%. But the situation in other sectors of the economy is very different.

In the gold mines (which today employ some 350,000 Africans) the annual cash wage in 1968 was, in real terms, no higher and possibly even lower than it was in 1911. The cash earnings of the average white man on the mines in 1948 were twelve times as much as the cash earnings of the average black worker; by 1968 they were twenty times larger.

As regards white farms (where approximately one-third of black South Africans live) we have little information. But such as there is suggests that farm labourers in both the Orange Free State and the eastern Cape grew poorer during the first three decades of the century. However, between 1932 and 1958 real cash earnings (excluding any changes in wages in kind) in the eastern Cape rose by roughly 40%. But farm wages vary enormously from place to place, so that
until we have further information it is impossible to say whether the majority of farm labourers have become richer or poorer over the past fifty years.

In the Bantustans (where another third of black South Africans must keep their families) there is evidence that the people have become poorer over time. In a detailed study of the Ciskei during the 1920s, Dr. James Henderson of Lovedale found that Africans were desperately poor. And their position in 1925 was, he estimated, worse than it had been fifty years earlier. In the Transkei (using the figures of the Native Economic Commission and the Tomlinson Report) we find that between 1930 and 1951 the total value of all produce consumed or sold by the average family of five persons fell, in real terms, by something of the order of 20%. Since 1952 the evidence suggests that the people in the Transkei have not become any better off.

Nor do these figures take account of the increasing thousands of people who are being moved, off white farms and elsewhere, to resettlement villages. Their poverty, if Professor Hobart Houghton's study of landless villagers in the Ciskei is any guide, is acute. In 1961 the median per capita income in the village he investigated was R1.75 a month from all sources, including remittances sent home by migrant workers and the value of vegetables grown for home consumption. And the cost of providing each person with the minimum food required for healthy life was calculated, at the prices then ruling, to be R5.00 a month.

The gap between white and non-white, Dr. Wilson writes, continues to grow and will contribute, as in Latin America, to a more explosive situation.

The picture of a growing wealth and health among Africans is further deflated by the comments of Sir de Villiers Graff, the leader of the Parliamentary opposition. Hardly a proponent of African rights, he still argued in a House debate in February, 1969, that the Standard of living of the African people in the reserves had remained static or fallen over the last fifteen years. The Tomlinson Commission had estimated in the mid-fifties that the per capita income in the reserves was $67, and of this $36 was earned in the reserves. The remainder was obtained from people working outside the reserves. Present figures indicate a per capital income.
of $74 of which $31 was earned in the reserves. Taking the value of money into account, the standard of living of the people has fallen, he said.

One must conclude that at the very least it is a contentious point when American business blithely tells us that Africans in South Africa are much better off than they have been before. In addition, that comment totally ignores the mounting piles of repressive legislation, the forced breakup of African family life, increasing number of removals of African families to government areas, the continued endorsing out of thousands of Africans who are told they have no right to live in the "white cities"—all vital factors affecting the quality of life of Africans. At the same time, Cape Coloreds are being driven from their Capetown homes to live in government housing outside the city and also have lost the right to vote for representatives in the "white governments," a further loss of political power. Even where the standard of living has increased, the overall quality of life, the sense of worth, well being and progress, while it may have improved in government eyes, has not done so from the perspective of non-privileged, non-white South Africa. Here again the picture painted from aloof American business sources bears much more similarity to the illusions propagated by the government than to African, Asian, or Colored reality.

BYPRODUCTS OF ECONOMIC GROWTH

At present economic growth in South Africa has produced a severe manpower shortage, especially among skilled workers. For instance, there was a 19% shortage of unskilled labor and a 24% shortage of artisans in May, 1970. Since nearly all skilled jobs are restricted to whites-only there is tremendous pressure to train and employ more skilled non-whites in positions vacated by whites. Newspaper editorials and articles are constantly hammering
the government on this point, claiming that economic health and the growth rate of the country is being badly hampered by its restrictive labor policies. (See Appendix 5, Editorial in Sunday Times June 28, 1970) South Africa's growth rate has sunk from 7.5% to 5% and is expected to be 3.5% in 1971. Large numbers of influential business voices argue that this artificial meddling with the economy must stop. Progressives like Harry Oppenheimer have called it "economic suicide" and more conservative men like Jan Marais of the Trust Bank have also challenged the government.

A Rand Daily Mail news article August 11, 1969, put it this way,

Leaders of the motor industry yesterday joined the growing clamour against the industrial colour bar, and warned that the motor trade alone would be short of as many as 58,000 artisans only twenty years from now. The president of the S.A. Motor Industry Employers' Association, Mr. E.J. Keevil, said employers were being prevented by fear, frustration, and ignorance from employing non-whites in higher skilled jobs. 'Fear of what the government might do if we train our Black, Indian, and Coloured workers to do semi-skilled jobs which hitherto white workers had done but for which insufficient white labour is now available.' There was frustration, too, in the drive to develop export markets because the artificial labour shortage was forcing basic wages increasingly higher, thus increasing the cost of manufactured products and pricing them out of the export market.

A flu epidemic that left the railways floundering because of a shortage of workers further underlined the problem that political ideology applied to economics can sometimes cause. Seventy goods trains a day were cancelled in June, 1970, and 13,645 cancelled during the 18 months before June 30 because there were not enough men. One in four jobs on the railways was being left undone. The railways have since employed enough non-whites to prevent stoppages under the assurance that there was "no threat to white worker security." A survey from the Stellenbosch University's Bureau for Economic Research, far from a frequent critic of government policy, (in
July, 1970) turned out a gloomy report on the future of the nation's economy. The Survey identifies the major bottleneck in the economy as the shortage of labor, while the government's labor policy and the Physical Planning Act are considered serious deterrents to expansion. The English press in South Africa used this as further proof for their case, oftentimes contending that it was grossly unfair to underdevelop the African working population as is done. The recent national election results are used as an indicator that the white voter is more pragmatic and willing to accept economic changes that are not totally ideologically "kosher."

Stephen Mulholland, a columnist for the Johannesburg Sunday Times, emphasized the sensibleness of the use of more skilled non-whites in a July, 1970 column. "I believe it is reasonable to expect that economic and everyday needs of the ordinary people will in the end triumph over the ideological insanity which today threatens our economy," he wrote. The Financial Mail, a South African journal, notes, "Either apartheid gives a bit or the growth rate does."

In general, these arguments come across as sensible, sound, pragmatic, and reasonable. The American businessmen may hope that they convince the government so that the growth rates can continue and the restrictions placed on the use of Africans in more skilled jobs can be removed. In this instance both American and South African business are to the left of the government.

It is this same rationale which stimulates the optimistic American businessman, who believes that economic sanity and reasonableness must prevail, to tell us that apartheid must break down under the weight of economic forces insuring a bright future for Africans -- a better job, more pay, more respect for his needed skills, integration rather than segregation. This claim will be made more and more frequently as inquisitive stockholders ask companies for an explanation and perhaps moral justification of their
operations in South Africa. It is an interesting footnote that at present very few of those businessmen interviewed propounded this theory in detail. It may increasingly gain popularity as a rationalization for business presence in South Africa; but it is certainly not the heartfelt hope, the well thought out strategy of U.S. business at present. Its superficially convincing nature, contending as it does that the American corporation is on the side of the angels, makes it deserving of a meaningful and full response, for indeed this theory is both deceptive and misleading. Interestingly, many American businessmen interviewed felt that the contention was ridiculous. They argued that economic forces would not destroy separate development and create an integrated society but would only prevent it from reaching its purest ideological end of total separation of the races while retaining most of its vital characteristics.

Perhaps it would be best to try to portray the fallacy in diagrammatic form and then move into more detail.

South Africa may be pictured as a pyramid with the white ruling class in firm control at the top, making the rules of the game not only for themselves but for the "non-white" underclass as well. Any concessions made by the whites in power, even when motivated by pity, are made with the interests of that white group clearly and primarily in mind. Even the most optimistic of analysts of South Africa would not hide the fact that South Africa's clear goal is to protect white interests. Numerous quotations by government officials bear this out, among them a 1956 quote of the present Prime Minister Vorster which is still on target: "We know one person only to whom we owe an explanation and that is the white worker in South Africa who has brought the Nationalist Party to the position it occupies today.
and will keep it in that position in the future." White interests, including those of the white worker, are still the order of the day, and this should be kept in mind whenever we hear talk about changes in South Africa today.

To be specific, the dominant white ruling group on the top of the pyramid may be willing to make certain concessions to make the economic system run more smoothly or to insure that white living standards are not jeopardized in any way. They may be willing to allow additional non-whites to take formerly white skilled jobs or to allow more non-whites in urban areas. However, one thing should be clear through a close scrutiny of the statements of even the most liberal industrialists: Their desires are precise. They do not ask for an abolition of apartheid nor even the abrogation of the industrial color bar, but merely for the relaxation of some restrictions which would enable them to fit non-whites into jobs where whites are no longer available. The underclass would be allowed to move a small number of "representatives" up the pyramid, but the essential pyramidal power relationship, who makes the rules, would not have shifted one inch.

If our goal is to alter that power relationship so that political power is shared, the goal of all the Colored, African, and Asian political parties before they were banned, then the integration of a number of skilled Africans into the lower echelons of the white economy is hardly a cause for celebration. The political power remains firmly rooted in the hands of a government responsive only to a white constituency. The result is simply a nation of slightly better fed and clothed political and economic serfs.

If one lesson of the black power movement in America should be clear to us, it is the demand for a re-allotment of both economic and political power as a pre-requisite of serious social change. However, it is exactly
This re-alignment, which is not being suggested when American and South African industrialists talk of integrating more skilled non-whites into the white economy, they do not agitate for equality of opportunity either in the trades or professions or in the acquisition of skills. They do not speak out forcefully on the whole question of the contract labor system with its many injustices. The orientation is not toward a better lot for non-whites but consolidating the lot of whites.

A paragraph in "The Black Paper", a report prepared as an alternative foreign policy choice for the Canadian government succinctly stated:

It would be wrong, however, to conclude that these economic factors will undermine apartheid. The economic growth that the regime seeks to promote is that growth which will bring maximum wealth to the white minority. A national rate of growth that is greater but would undermine the economic privileges and social and political supremacy of the whites does not appeal to the white minority. Apartheid is essential to the pattern of life, the power, and the disproportionately high standard of living of the whites as a community.
By pressing for certain limited economic reforms but not for deep-rooted
counter liberal industrialists will be able to achieve a number of economic
objectives:

— greater productivity than is possible with white workers;
— overcome the problem of not having a regular supply of cheap labour;
— produce at lower unit costs because of paying lower wages to non-whites
  for doing the same jobs, thus increasing their profits;
— be able to compete in the export market, especially in the rest of Africa,
  and so hope to increase their political stranglehold on areas in that
  continent;
— at the same time maintain the artificially high standards of living of
  the white community;
— put on a face to the rest of the world that their intentions are honorable.

The point if this. While white government concessions may allow non-whites
into more skilled jobs and admit that Africans are a necessity in the urban areas,
perhaps even removing a few of the more denigrating symbols of apartheid, power
will still be firmly entrenched in white hands. True, the official ideology, the
grand design of assigning all Africans to a Homeland to be allowed in the cities
only as migratory laborers, may have been modified, but the underlying theme of white
control, white supremacy if you will, has remained untouched. In fact the theme
of white control is the parent of apartheid, allowing parts of the latter to be
reehaped without touching the former.

Perhaps some more detailed data will help make this presentation strike
closer to home.

African labor underpins the whole South African economy, with Africans
providing about 70% of the country’s economically active population and with the
majority of them engaged in essential labor for the whole white population.

Earlier some of the laws which determine the lives of these African workers
were reviewed. In addition it must be noted that the denial of trade union rights to African workers has been key to apartheid both in principle and in practice. Almost without exception representatives of American businesses interviewed opposed the concept of trade unions for Africans. Statements such as "African unions would be meaningless in this situation since we provide for their needs"; "the union situation here is entirely different than the U.S.A."; "Africans don't understand democratic methods such as unions" were often heard. Even though work associations for Africans (informal and powerless caucuses to allow Africans to express grievances) are legal, very few employers felt there was any need for them. In this case American subsidiaries were identical with South African business. While some may have attacked job and geographical color bars, there has been not outcry against trade union and wage color bars. While the more liberal wish the removal of artificial labor restrictions that inhibit their growth and profit, none are speaking out on behalf of Africans' right to organize. In fact there are instances in which American subsidiaries have been openly hostile to the establishment of unions for Coloreds in their shops, (Union organizing among Coloreds is legal,) the Chrysler subsidiary being a clear example.(see Appendix 4)

Of course if there were powerful African unions with the right and power to strike, they could force higher wages, limit profits and serve as a basis for political action. Although labor organizing is in the best interests of the African, it would threaten corporate control. It is significant that in this important area of labor discrimination the liberal industrialists, including some U. S. businesses, and the South African government are not at all in conflict. This area of apartheid has not been undercut in the least by industrialization.

There is more evidence that indicates that economic development has not at all been undermining the core structure of white supremacy. Several important
questions come to mind: What is the nature of economic relationships between whites and non-whites? Has the essential structure of this relationship been significantly undermined by recent economic development? What access do Africans have to the means of economic power, and what is their share in the distribution of wealth?

Let us attack the last question first. We have partially indicated that African access to economic power is greatly limited by the impossibility of African labor organizing and that American companies sit comfortably under that restriction. African trade unions are excluded from legal recognition under the Industrial Conciliation Act, and strikes by African workers are illegal under the Bantu Labour (Settlements of Disputes) Act. Under this last Act, the interests of African workers are supposed to be represented by government officials. Laws such as the General Laws Amendment Act and the Suppression of Communism Act also stop possibilities for African labor organizing or striking, defining sabotage for instance in sweeping terms. African trade unions therefore are left as powerless shells with tremendous problems in even attracting members.

Educational discrimination also restricts African access to economic power. Despite South African government claims that African enrollment in schools is mushrooming, the miniscule funds spent on their education and the concentration of pupils in the lowest classes undercuts their claim. A book could be written on the specifics of this area.

Not only is the racial distribution of income in South Africa drastically unequal (African income in 8% that of whites, R 7 per month compared to R 95 per month, according to a Financial Mail April 1969 article reporting on research by Market Research Africa, and in manufacturing a white earns in a day what an African earns in a week.) but the gap between African and white income has increased during the last decade of economic boom.
For instance the Financial Mail, September 6, 1968, indicated that white earnings in the manufacturing industry rose from 440% to 485% those of non-whites from 1962-67. True, South Africa has experienced an economic boom and true, Africans, Asians and Coloreds in South Africa are partial recipients of the rising standard of living resulting from that boom. However, the economic dribble down effect is a far cry from a just economic order in South Africa. To use a somewhat extreme example would be to cite that American slaves also benefited from thriving Southern economy, but no one today would use that fact to legitimize a system in which plantation owners became wealthy from exploited black slave labor. It is equally absurd to suggest, as U.S. business representatives do, that Africans, Asians and Coloreds are much better off today than ten years ago without analysing the overall system that allows a modicum of wealth to sift into non-white hands or pointing out that the gap in earning power between whites and non-whites has widened.

Inflation in South Africa further cuts the real buying power of non-whites.

Responsibility for wage rates and ranges does not lie solely with the government. The white employer, American subsidiaries included, play a key role in determining wages. The government sets a minimum wage pattern for each industry; however no maximum wages are set. In fact except for the John Deere subsidiary none of the companies interviewed used government minimum wages, even for starting salaries, declaring that they were neither competitive nor adequate wages. The market tended to set its own levels which were several rand a week higher than government levels. As indicated by the Isando Industrialists study this market level was still often below the breadline and by no stretch of the imagination could be considered a reasonable compensatory wage. American industrialists either follow this pattern or pay slightly higher but still inadequate wages. For example John Deere admitted that its starting wage for Africans was the government's minimum wage of $17 a week. Chrysler's average wage for Africans in its Pretoria plant was 881 a month (right
on the poverty datum line) and GM's average African wage, by their own estimation, was 40% above the breadline, hardly a progressive wage policy.

Here, then, is another case of the "liberal industrialist" supporting a racial and economic norm instead of challenging it. The proposed case that industrialization will cause significant social changes or that the liberal industrialist is operating with African interests at heart in South Africa seems to sit on shaky ground. In a key period of economic growth the possibility of corporations in South Africa substantially raising wages and taking a slight loss in profit has not happened.

Although no government regulations restrict paying higher wages, American corporations, understandably from their point of view, feel that they cannot radically diverge from the average wages in the industry. They know that substantial unilateral increases would bring official disfavour, and, since they are industrial guests in South Africa, it would not be in line with their "good citizen" policy and their desire to have amiable, unblemished relationships with the government to be industrial innovators in this sensitive area.

From an ethical standpoint one must obviously place a heavy portion of responsibility on the shoulders of American business, for although it is natural to cooperate with the government and the white trade unions, it is done at the cost of exploiting African, Asian, and Colored labor. This source of relatively cheap labor and near breadline starting wages has continued while profits have increased enormously, eg by 1967 two hundred South African companies had increased their net profits $100 million in four years.
What is the nature of the economic relationship between whites and non-whites? Has the essential structure of this relationship been significantly undermined by recent economic development? The answer to these questions is perfectly clear. The nature of economic relationships between whites and non-whites remains as it has for decades, essentially a master servant relationship. It is instructive to note that among U.S. businesses interviewed, those who fell under the Job Reservations Act were interested in filling vacant white jobs with trained, skilled non-whites but were neither interested nor had a vision of the day in which whites were supervised by non-whites. Those not affected by the Job Reservations Act stated it would cause incredible personnel problems if whites were ever supervised by non-whites and that from their point of view trying to break through this iron clad custom would be seen as politically motivated and would cause severe repercussions. If a subsidiary dealt with a white union, e.g. GM, tremendous dissension would arise at the mere suggestion of the erosion of white job privilege. In short, the nature of the economic relationship between the races is one of white preference, privilege and control in the labor field. Although white unions are willing to have a job "go coloured" if there is no white to fill a slot, they are adamant about whites retaining preference for any job and strongly against any competition between white and non-white for jobs. This, of course, means that educated and trained Africans still are assigned menial jobs with little chance for promotion. It is not uncommon to see Africans with university degrees working as salesmen, making substantially less than their white counterparts. For instance, Chrysler has employed an African with a B.A. in Personnel Relations to help supervise the
the hiring and testing of African job applicants. His wage is considerably less than a white university graduate’s wage would be.

The leader of the opposition United Party, although pressing for greater use of non-white labor, stated before the National Election:

Job reservation has two aspects. One aspect is what is known as the conventional colour bar in South Africa and this in practice amounts to a tacit agreement and sometimes an expressed agreement between employers and employees that certain spheres of work will be reserved for White workers. That is the South African convention and that is one which we do not propose to abolish. We will take measures to protect any group of workers against any transgression of this convention.

The United Party is well aware that its constituency is white; and, therefore, protection of white jobs and white supervision must be part of their platform and is unlikely to change. It is inconceivable that the United Party would ever propose changing the structure of the economic pyramid of South Africa; white supremacy will naturally continue to be a U.P. plank even while advocating a loosening of labor restrictions to strengthen the economy.

The United Party example should be a clear indicator of future economic relationships between races in South Africa even in an economically "liberalized"situation. The evidence bears out the conclusion that economic development has not undermined that basic relationship of white control and superiority and is not likely to as economic growth continues. Access by Africans to the essential means of economic power remains restricted, the distribution of income is extremely unequal, and government control of African labor has been growing rather than diminishing. There is no basic contradiction between South Africa’s expanding industrial economy and white domination of the economy and society. Over the past twenty years of growth there has been a steady political move to the right in South Africa. In fact, the white economic and political supremacy of South Africa is being reinforced
by a strengthened and expanding economy. There may be some modifications in the system as it acts itself out, but white superiority remains the basic and constant underlying theme. The pyramidal structure remains untouched both socially and economically.
CHARITABLE CONTRIBUTIONS

Charitable contributions made by American subsidiaries also tell us something about how they think and act. Many companies gave to African, Asian or Colored educational enterprises as well as white universities. Often we were reminded that the subsidiary was not political and therefore could not give to political or controversial projects.

One of the fascinating and revealing offshoots of this question is the often found support for the South African Foundation.

One of the more sophisticated international information dispersal and lobbying units for a pro-apartheid position is the South African Foundation. In many ways the Foundation does a propaganda job that pre-empts the need for American corporations to campaign more actively on South Africa's behalf. By its own admission it is heavily subsidized by American corporations in South Africa who subscribe on a pro-rated basis according to size. Of those companies interviewed, a sizable number were members of the Foundation. Several executives stated that South Africa had the world's worst public relations department, that a skilled public relations effort could help South Africa considerably and that the South African Foundation was fulfilling this task in an admirable way (of course, the frightening underlying assumption here is that South Africa's problem is nothing that any good public relations job could not help cure). The Foundation was started in the early sixties to "promote international understanding of South Africa," and in its first year tried to help "stem the tide of ignorance, criticism, and misrepresentation against the Republic" (South Africa Foundation - 10th Annual Report).

Begun as an attempt to generally influence mass media and do "public relations on South Africa's behalf," it changed its approach to influence
high-level opinion makers. In the words of the Foundation, "Visitors are chosen for their influence on official and public opinion." In a liberal moment the Foundation writes, "They are not expected to make favourable statements about South Africa on their return, unless they voluntarily choose to do so." The sentence closes cryptically "which most, in fact, do."

In 1963 the Foundation established a part-time representative in Paris, turning into a permanent office in 1966 and in 1968 a permanent Foundation representative was appointed in New York. The American representative was active in opposing the Kennedy amendment to take away South Africa's sugar quote.

Charles Engelhard was one of its 25 original founders, and today a "Man to Man" committee composed of leaders of the American community in South Africa assists it in its task. Among the participants of that Committee is Mr. Logan Emlett, Managing Director of Union Carbide Southern Africa and a personal opponent of majority rule.

Although the tenth Annual Report attempts to explain that the Foundation does not engage in "propaganda" but "communication," it proposes that one of the objects of encouraging visits by opinion makers is to study at first hand "the strategic, political, and economic importance of South Africa for the non-Communist world." This theme is a favourite of Major General Sir Francis de Guingard, the President of the Foundation, and is one of the basic rationales for the appeal for Western friendship and renewed arms sales to South Africa. The Foundation's President had a chance to meet with President Nixon and Dr. Henry Kissinger at a time, in their words, "when the Administration was re-evaluating the U.S. policy towards South Africa, and the occasion was taken to bring to the President's notice some points which have received too little attention in the past."
would be hard," the report goes on, "to overestimate the importance to South Africa of this discussion."

A further example of the politics of the Foundation! L. B. Gerber, the Director of the Foundation, urbane and friendly, a perfectly appealing host to guests who wished to "learn the truth about South Africa," explained that there is no middle ground between separate development and integration in South Africa and, therefore, South Africa must pursue separate development (read apartheid or white superiority) even with its faults. Integration, Mr. Gerber continued, has never worked in the world. Majority rule would bring chaos to South Africa, he said.

In a statement typical of white "authorities" on African needs, Mr. Gerber felt that Africans were materially well off and that the prime concern of "people at that state of civilization is food, clothes, and housing." Mr. Gerber's desire for white supremacy was couched in rationally appealing terms and put forth as a concerned gentleman. His approach has and obviously does appeal to the minds of the Foundation's white visitors. The stark reality behind it, however, is that the Foundation's top bureaucrat is an unashamed apologist for apartheid, a believer in white supremacy.

Their Tenth Annual Report and others make fascinating reading as one studies the actions of the Right in influencing world opinion and foreign policy towards South Africa.

One could evaluate the South Africa Foundation for pages. The key point is this. The American corporation states that it is an "apolitical" creature in South Africa merely following, in the words of the Caltex Principles, the "laws and customs of the country." Within South Africa it would be considered a normal and non-political act to be a subscribing member to the South Africa Foundation, an act of "good citizenship" aimed
The real fact is that American corporate support for the South Africa Foundation is a blatantly political act assisting a pro-apartheid group in its international operation of building friends and allies for South Africa. This fact is but one of the most obvious which strips away the apolitical facade of the American corporation in South Africa.

Among the list of subscribing members of the Foundation include John Deere, Caterpillar, Mobil Oil, Caltex, International Harvester, Union Carbide, Chrysler, General Motors, and Barlow-Weyerhauser.

It is an interesting footnote that many of the companies which were members of the Foundation felt that contributions to the Institute of Race Relations and the Christian Institute, both primarily white but critical of government policy, would be considered "political" acts. There was no differentiation made between supporting the politics of the status quo and the politics of an opposition.

The Foundation's politics also made it a fair indicator of the issues which seriously disturb the white power structure in South Africa. The 10th Annual Report records, "Despite superficial indications to the contrary like demonstrations against Springbok teams, agitation against the new South African Airways service to New York,...the real indices of progress in South Africa shown increasing trade, investment, immigration, and tourism, and an ever growing economy." This is reminiscent of the quote contributed by a South African to Henry P. Van Dusen, past President of Union Seminary when he stated, "So long as U.S. banks and business back us, we can go ahead."

It is obvious that American economic capital and know how are valued much more by those in power as an indicator of U.S. support than protests against South African Airways are considered a threat. This is obviously
why both the Foundation and the Government encourage investment in South Africa. The Foundation, for instance, made contact with 150 businessmen, including the executive officer of 30 companies. It would seem that the Foundation feels the goodwill of American businessmen is an asset to the formulation of opinion and foreign policy in America, and it seems clear that it feels the economic involvement of these men is significant.

BUSINESS INFLUENCE ON AMERICAN FOREIGN POLICY

One badly underrated effect of the attitudes of American corporate officials and the vested interest companies have established there, not to mention the cautious "good citizen" policy they have developed in South Africa, is the effect of business on the formation of American foreign policy toward South Africa. Of those officials interviewed, all expressed opposition to present U.S. policy toward South Africa. The more moderate felt America was too harsh, did not understand the complexity of the South African situation, and pleaded for time and tolerance. The more vociferous critics claimed U.S. policy was "phony," "a sop to negro militants," "this really makes my blood boil," "unfair," "unrealistic," "divorced from reality," "government doesn't understand the racial situation here is different" and pressed for a complete turnabout in U.S. policy and support for South Africa's racial policy.

If one remembers from our analysis of the attitudes of representatives of U.S. business that they ranged from mildly critical mixed with a plea for tolerance to fiercely sympathetic, then we are faced with a number of men on the scene who are feeding material back to their U.S. parent generally interpreting South Africa government policy affirmatively. As the number of requests (or demands) from stockholders, students, and Churchmen about corporate holdings in South Africa increases, U.S. com-
panies of course will naturally turn to their subsidiaries in South Africa for answers. The answers returned will naturally reflect the attitudes and interests of those subsidiaries and may even be written by employees of the subsidiary. A quick tally of responses to detailed questionnaires sent by Princeton University in 1968 and the Council on Economic Priorities in 1970 reveals that very few companies revealed any moral ambiguity about their involvement in South Africa. Most responded in general terms, some with naive comments such as we do not discriminate on racial grounds but promote people with educational qualifications and experience in mind; some contend that international contact and involvement will bring about change in South Africa.

Mobil Oil and Union Carbide representatives pulled out their answers to the Princeton questionnaire in our interviews in South Africa. It was obvious that it was the South Africa subsidiary which was the source of the information presently circulating among the inquisitive in the U.S.A.

The Standard Oil (N.J.) subsidiary Esso Standard South Africa (Pty) Ltd. had just completed a lengthy memorandum about their operation in South Africa for a visit of several parent company officials. This report could easily represent the material produced by numerous other subsidiaries. The memo included a thumbnail sketch of South Africa's history, some comparative statistics with the rest of Africa, an assessment of the present racial situation, a run down of Esso's South Africa operation, and the future economic possibilities for Esso in South Africa. The substance of the report was written by David Knowles, a young white South African, who was head of the economics and planning department. In a short inter-
view, Mr. Knowles stated, 1.) that the overall policy of Separate Development was correct; 2.) the urban "Bantu" was a problem since it is impossible to remove them from the white cities; 3.) South Africa should rid itself of
firmly opposed to integration or sharing political power with blacks. The Esso memorandum prepared for the visiting executives stated, 1.) the average wage of all races in South Africa was far above wages in the rest of Africa, (This is like comparing black Americans to Ghanians and saying they are better off) 2.) the races have always been separate in South Africa, for when the whites came to the Cape, Africans were just moving into the North (a highly contentious anthropological and historical argument); 3.) “This economy was built, no question, by the whites” (need one reply to this!); 4.) Soon there will be total literacy among Bantu children. (In fact there is a drastic dropout rate after four years of school and the percentage of Africans who are able to attend secondary school or university to take leadership positions among their people has remained constant.). All these points are contestable and are based upon premises of government ideology.

The point of this recounting of the Esso memorandum is simply to indicate that the data, facts, and impressions put before top level American corporate executives tends to be material based upon and/or sympathetic to South Africa's apartheid mythology. If one does a quick arithmetical accounting of the number of Americans in South Africa, the business community must be seen as both a sizable and influential proportion. The power of such a group with a vested interest in the South African status quo in effecting American policy conservatively cannot be discounted.

Perhaps another example will help make our point. The Chairman of the Board of Goodyear Tyre Co., U.S.A., Mr. Russell de Young, recently visited South Africa. Mr. DeYoung is understandably a conservative person. On his visit he talked to Prime Minister Vorster for nearly an hour. Mr. Vorster spent the time describing what a difficult situation the
Nationalists had "inherited" and how much South Africa "had done for the Bantu." As a result of this conversation, officials in South Africa felt Mr. DeYoung would be moderately pro-South African. At the very least he would contribute to the prevailing milieu of discussion in upper business circles that South Africa may have some problems, but they are theirs to solve and outside pressure should be stopped. Naturally such a milieu excludes the possibility of the legitimacy of violent revolution and could be a strong voice against it in Washington. Considering the interchangeability of U.S. top corporate managers and government, such a milieu of opinion has even more influence and power.

With these observations in mind, we should keep sharp eyes and attuned ears to the answers of American corporate managers about their business presence in South Africa and try to discern what form of presence they do or could maintain in Washington. It seems prophetically clear from these observations that in a time of political crisis or revolution in South or Southern Africa, not only will American business move to stabilize the situation around them but will actively give counsel to listening ears in Washington, armed with a sophisticated version of South African propaganda. The question of U.S. corporate influence on our foreign policy cannot be discounted as we evaluate the role of U.S. corporations in South Africa.

**CONCLUSION**

This report has not attempted to be the definitive word on the role of U.S. business in South Africa, but to add some new and significant data for our ongoing understanding. The picture is unfortunately not hopeful. The American corporation in South Africa is generally indistinguishable in its business practices from its South African counterpart.

Another report easily twice this size could be written on the detailed ways in which U.S. companies both individually and cumulatively act as supporting props for the system of apartheid. The resource list (Appendix 7) will serve as a pointer to other literature which can explain this relationship in more depth.
Some analysts today, including Polaroid Corporation and the U. S. State Department are pretending that if General Motors and other U. S. companies suddenly became equal opportunity employers in South Africa they would no longer be accomplices in apartheid. Of course such a claim only presents half the story. Would a U. S. company in Nazi Germany providing strength and health to the German economy be freed from all responsibility if it equitably employed Jews on its staff in the German subsidiary? The thought boggles the mind? To the extent that U. S. corporations are agents which support and strengthen the South African economy they are also responsible for the strength of apartheid. A healthy economy strengthens white control, white imperviousness to economic sanctions, white ability to keep blacks oppressed. As U. S. companies contribute toward that economic strength they become automatic accomplices in perpetuating the racist status quo, a fact which no amount of Polaroid type public relations in the U. S. A. can wipe out.

United States investment in South Africa therefore plays several roles. Its general acquiescence to the laws and customs of white South Africa make it a silent citizen in South Africa, a variation of the "good German". More important are the ways in which individually and cumulatively, U. S. investment assists in strengthening the economy which operates at the direction of and primarily on behalf of the white minority. A significant contribution to the strength of the South African economy is also a contribution to the strength and future of continued white control and oppression.

If indeed U. S. investment in South Africa assists in maintaining the overall system of white control then the only legitimate demand possible by those wishing to challenge that control is that U. S. companies must withdraw from South Africa.
The following is a list of companies in which representatives were interviewed:

JOHN DEERE - South Africa - Mr. Martin Zaunbrecker, Managing Director

INTERNATIONAL HARVESTER CO. - South Africa Pty., Ltd. - Mr. James Hatos
Managing Director

INSURANCE COMPANY OF NORTH AMERICA - Arthur C. Kilburn, Manager

AMERICAN MOTORS - South Africa Pty., Ltd. - Mr. Frank Read

CHRYSLER - Mr. Charles Blakely, Managing Director, Chrysler South Africa
Mr. LeRoux, Labor Relations Officer
Mr. Bickerstein, Public Relations Officer
Mr. C. Bennington - Plant Manager, Elsies R. Plant outside Capetown

FORD MOTOR COMPANY of South Africa Ltd.
Mr. R. J. Scott - Managing Director
Mr. Fred Ferreira - Director Personnel
Mr. Church - Plant manager, Ford engine plant

GENERAL MOTORS
William P. Slocum - Managing Director
Alan de Kock - Director of Personnel and Public Relations
R. J. Ironside - Plant Manager

BARLOW WYERHAUSER PACKAGING INVESTMENTS Pty. Ltd.
David Brown - Managing Director

ESSO STANDARD South Africa Pty., Ltd.
Mr. E. R. Hartman - Managing Director
David Knowles - Head of Economics and Planning Department

CALTEX OIL of South Africa Ltd.
Mr. R. D. Wrigley, Jr., past Managing Director
Mr. W. Marshall Smith, Managing Director

MOBIL OIL SOUTHERN AFRICA (Pty.) Ltd.
Mr. W. F. Beck - Managing Director
William Greenwood - Personnel

ATLANTIC RICHFIELD COMPANY
Mr. Franz Keyzer - Manager

GOODYEAR TIRE AND RUBBER COMPANY
Mr. John Purcell - Managing Director

BARLOW'S TRACTOR DIVISION
Mr. K. C. Comins - Managing Director
MONEYWELL AUTOMATION (Pty.), Ltd.
Mr. Garrett - Managing Director

MONEYWELL COMPUTERS (Pty.), Ltd.
Mr. Malcoby - Managing Director

CATERPILLAR Africa (Pty.), Ltd.
Mr. Alan Leach - Managing Director
Mr. Steve Green - Personnel

INTERNATIONAL COMPUTER LIMITED (British)
Mr. G. Hill

ANGLO-AMERICAN CORPORATION
Mr. Zak de Beer, Assistant to Harry Oppenheimer

Similar questions were explored with the following persons:

Mr. R. Silberhauer - Bantu Wage and Productivity Association
Mr. Gerber - Director of South Africa Foundation

AMERICAN CONSULATE Johannesburg
Mr. Lutkins - Consular General
Mr. Ted McHale - Labor Relations
Mr. Blankenheimer - Commerce

DURBAN
Mr. "Red" Duggan - Consular General Durban
Mr. M. Lee - Director of Chambers of Industry for the Western Cape

REPRESENTATIVES FROM THE FOLLOWING UNIONS:
Engineering Workers Union
National Union of Laundering, Cleaning and Dyeing Workers
National Union of Motor Assembly Workers
Engineering Industrial Workers Union, Natal
Amalgamated Clothing Workers

CANADIAN GOVERNMENT
Mr. G. Orban - Assistant Trade Commissioner, Johannesburg
Mr. C. V. Cole - Political Officer, Capetown
Dr. H. Ringrose - National Industrial Council on Motor Industry
Mr. H. Hastings - Chairman of American-South African Committee of the South Africa Foundation (businessmen)
Adam Small - Professor, colored poet
Francis Wilson - Economist, writer
Fred Van Wyk - Institute of Race Relations News
Father Cosmo Desmond - Author
Alan Mountain - South Africa Foreign Trade Association
Tony Heard - Assistant Editor Cape Times
Peter Randall - Study Project on Christianity in Apartheid Society
APPENDIX II

TOPICS DISCUSSED IN INTERVIEWS

The following are a series of issues which were usually touched on in interviews. Our style was one of conversation rather than TV interviewing. Therefore, many of these topics would come up naturally in the course of discussion. They are not phrased as questions here but simply the question areas explored.

Policy of the Corporation

- has it ever lobbied against certain apartheid legislation privately or spoken out publicly?
- does it lobby in the USA?
- charitable contributions?
- relationship of the company with the South African government?
- attitude toward Coloured unions or African work associations?
- P.R. materials from the company
- short history of the company in South Africa
- amount and type of investment
- where are they situated in South Africa? (Angola, Mozambique, S.W. Africa, Rhodesia)
- possibilities for growth in the rest of Africa
- are any of their operations in "border areas", on the edge of Bantustans?
- rate of return on investment?
- rate of growth?
- business potential of South Africa and restrictive factors eg. lack of skilled labor
- importance of the investment and product to the economy
- could the product be used by the military?
Labor
- number of employees by racial category
- benefits, facilities and wages by race
- number of women working and types of jobs women are allotted, benefits, pay scales.
- stability of labor force, quality of work
- training and educational opportunities for workers
- whether the company imported personnel from Europe to fill skilled positions where white South African labor was unavailable
- channels for complaints of workers
- hiring and firing procedures

Legislation Affective Companies
- Job Reservation Act
- Physical Planning Act
- local content program

Attitudes
- response to US Foreign Policy toward South Africa. Comments on Ambassador Yost's speech discouraging investment in S.W. Africa.
- comments on the UN
- how is industrialization affecting Africans, Indians, and Coloureds? What are the resultant social changes? What might be the results ten years?
- any friends of acquaintances among Africans, Asians, or Coloureds
- feelings about majority rule
- feelings about the South African government and its policies
Mr. Neil Watts, managing director of Wates Ltd., one of the largest building companies in the United Kingdom, visited South Africa in June 1970 at the invitation of South African businessmen, after he had rejected their first approach for a franchising of the Wates system of industrialized building. After his visit, he made a report on business opportunities in South Africa, informing his colleagues that he was even more opposed to investing in South Africa. An extract from the report was published in The Observer, London, on 20 August 1970, and aroused considerable interest.

The full text of the report is published here, with permission from Mr. Watts.

In January 1970—about the time we received news of our success in operating "Breakthrough" in the United States—we also received an invitation from a firm of South African developers to franchise our System to them. We refused to do so, on the general grounds that we felt we could not be true to our company goal, "to grow people", if we were forced at the same time to work within a system which limited the opportunities of some people to "grow" according to the colour of their skin.

Our South African friends responded, very promptly, that we did not know what we were talking about, that we were totally misled by hostile propaganda, and that we simply could not take such a decision. Accordingly we agreed that I should go out on behalf of the company to look at the situation at first hand.

I must report prima facie South Africa is the ideal land for investment; stability is a relative term, but in the foreseeable future there can be few more stable countries than South Africa. The economic outlook is excellent: the possible fall in the volume of gold production is almost bound to be offset by increases in the price of gold within the next two years, and the gold industry is growing—platinum, uranium, copper, magnesium, chromium, aluminium, etc. There is a raising of trade in manufactured products, new markets are being opened up in the United States and Japan; politically the country is extremely stable—there would seem to be no prospect of ousting the present regime; the student unrest in universities, as experienced in Europe and the United States is completely unknown; there are no strikes and above all the non-whites are completely quiescent.

I must further report that the opportunities for a system of industrialized building, such as the Wates System—which, not only saves man-hours, but above all, skilled man-hours and eliminates wet trades—are enormous. The white-dominated unions have a virtual stranglehold on the construction industry; the only way to cut the Gordian knot is through eliminating the wet trades and creating totally new jobs altogether, which would enable employers to open up job opportunities for non-whites, without ever being accused of taking jobs away from the whites.

In this context, it is only fair to say also that I met Liberal businessmen of the highest calibre who argued that economic forces were bound to bring about the downfall of apartheid—and their own system would prove a powerful weapon in the campaign.

Notwithstanding all this, I must report that the idea of doing business in South Africa is totally unacceptable; we could not be true to the basic principles on which we run our business and we should lose our integrity in the process. We should have to operate within a social climate where the colour of a man's skin is his most important attribute, and where there is virtually no communication between the races; we should be locked into this system. We should have to operate within an economic climate which is designed deliberately to demoralize and to maintain an industrial helotry; we should, in turn, profit from such exploitation and ultimately end up with a vested interest in its maintenance.

We should have to operate within a legal climate where the rule of law has been abolished in favour of rule by decree, which bids fair to become a reign of terror.

The cumulative effect of all these factors in the long term must be self-defeating; within the short term it must make it impossible for ourselves individually, or as a company, to conserve at anything which would serve to perpetuate a system which in the last analysis has no other justification than the preservation of white supremacy as an end in itself.

To analyse each of my points in a little more detail...
2. Stooland under-Utilization
of Human Abilities
In the first place, the policy of reserving
key jobs for whites simply means that
3.5 million whites must provide the
entire management capability and key
skills to a population of over 19 mil-
lion. In the second place, the sheer
vexativeness of running such a dirigiste
system with the systematic arrest
of 5 per cent of the population, a year
and imprisonment of 6 per cent, has in-
creased the percentage of economically
active whites involved in the public sec-
tion from 29 per cent in 1960 to over 56
per cent in 1969.

The real scandal lies in the fact that
all these jobs opportunities can be
seen being grasped by Africans both in
supervisory management and in the area
of technical skills in a country like
Canada are totally denied to them in
South Africa. It is impossible to say
how many first-class minds are doing
these menial jobs and it is, of course,
impossible to measure the waste of
ability.

The theory of separate development
is plainly nonsense; all the time the
whites depend on the blacks for their
industrial manpower—and of course there
will be no meaningful development in the
homelands where most of the blacks
are working in white areas. Only 8.7
per cent of employed Africans are working
in homelands—whilst one third of the
people in the homelands, but work
away from home on annual contracts.

Self-defeating policy prohibits any
prospect of career development for them, let alone the building up of any
closeness to the company and restricts the
non-white to the level of a "Labour
Unit".

Of course, we must ensure that any
business set up would be a beacon of
good employment practices: with basic
principles of equal pay, equal fringe
benefits and working conditions. But we
could not open the career to talents in
the way we strive to do in this country
and in the United States through our
system of "optimising individual and the
company"—because some goals are simply not open to some individuals.

3. “Climate Designed
To Demoralize and Maintain
An Industrial Holoty”
White industry needs African labour;
but even one of those Africans must
have a permit to "work, live and be". It
is true that he can establish certain resid-
tial qualifications to live in a town-
ship—but for example, he has worked in
the area for 15 years, or 10 years in the
same job. But he may not necessarily
be able to live with his wife—he certainly
cannot invite a friend in for the night
without permission and he is liable to
lose all his rights if he is found to be
"safe and undesirable"—whereupon
he will find himself sent to a "home-
land" which means nothing to him.

What he needs, of course, is a home
and not a Government-fabricated myth
of a homeland. What he gets is life in a
transit camp, without property, and
with precious few political or legal rights.

So far from being a protector, the law
is seen as a persecutor; incredibly 934,000
people were convicted of offences in
1968, 674,000 were admitted to prison
during that year and the average daily
prison population was 80,000.

Since it is virtually impossible not to
break the law, a small way each day,
major and minor offences become blunted and respect for the law goes
to the wall.

It is a small wonder that there is a
virtual reign of terror in the native
townships. By night & Sunday, the
average number of murders on the peak
night of the week is seven; nobody
knows how much unreported crime of
violence takes place. But then none of
this would be obvious to the superficial
white observer; there is a curse for all
non-Europeans in the centre of Johan-
nesburg which makes it, probably, the
safest city in the world for the white
man to walk about at night. Yet the
price of all this—and indeed of the whole
agreement servant-supported way of life
in the white suburbs—is being paid for
by the whites who are kept out of sight
in the townships.

It is no defence to point out the un-
deniable truth that the black South Af-
ricans are better off than blacks in any
other country in the world; the impor-
tant factor is their relative well-being to
their white fellow citizens; the Africans
constitute 68 per cent of the population,
but their share of the national cash in-
come is 19 per cent; whereas the whites
constitute 19 per cent and their share of
the cash income is 72 per cent.

This is only one measure of inequal-
ity—the facts are that political, social
and economic inequalities of the system
are such that we would find it impos-
sible to give effect to our ideas for
"creating a sense of partnership within
the company where people are encour-
ged to give of their work".

4. “Rule of Law Abolished”
If there is a physical reign of terror in
the townships, all the ingredients are
there for a legal reign of terror within
the country. Legally speaking, it is ex-
tremely hard to distinguish the situa-
tion in Vorster's South Africa from Hitler's
Germany in 1933; Hitler engineered the
Reichstag fire and then declared an
emergency decree "for the protection of
the people and the State", he set up
Peples' Courts for political offences; he
interfered in criminal cases to protect
his officials; he had the right to banish
or imprison people whom he thought
had been too lightly treated in the Civil
Courts and he placed his Gestapo beyond
the law.

In South Africa, under the 1967 Ter-
rorism Act (which created new offences
and made them retrospective to 1962),
it is explicitly stated that "no Court shall
pronounce on the validity of any action
for the release of a detainee under this
Act”. Under the Bantu Administration
Act, the State President is supreme and
his actions cannot be challenged in
respect of the African’s right to remain
inside or work in certain areas. With
the Suppression of Communism Act of
1950 which virtually says you are a
Communist if the Minister says so
("Lord Gardener"), there are wide powers
to arrest, together with the right to
bar Counsel—and if you obtain your
discharge under this Act you can simply
be re-arrested in open Court and de-
tained sine die under the Terrorism
Act—as happened to the 22.

Clearly the Terrorism Act is itself a
net of terror, in accepting the security
of the State, rather than that of the
individual as the overriding considera-
tion, the rule of law has been abolished
and a potential reign of terror through
rule by decree has been established.

Clearly South Africa is becoming a
very difficult—not to say dangerous—
place for anyone who values freedom.

I will confess that I travelled to South
Africa hoping that I would find good
reasons for doing business there: privi-
tely I had always considered criticism of
South Africa to be shrill and emotional
—to whom everything black was good
and everything white was bad. But the
parallel between Hitler's treatment of
the Jews in the 1930s and South Africa's
treatment of the blacks today, because
daily more obvious to me in the course
of my visit and was brought home most
vividly to me when I saw blacks being
literally herded like cattle through the
Bantu Administration Courts. Just as I
think with hindsight it would have been
totally wrong to do anything to connive
at nazism in those days, so also do I
think we should do nothing that would
help to perpetuate apartheid.
"
CHRYSLER AND COLOURED UNION ORGANIZING IN THE CAPE

The response of Chrysler to the demands and formation of a Coloured union may help us make our point.

Although Chrysler representatives deny that Chrysler was or is hostile to unions for non-whites, the minutes of negotiation sessions in the mid-sixties paint a somewhat different picture. In 1964 and 1965 Chrysler South Africa (Pty.) Ltd. was involved in negotiations with the Western Province Motor Assembly Workers Union, a union comprised of Cape Coloureds. The union pressed on several issues:

1.) An agreement including 20% pay raise, since only 3 of 26 Assemblers employed were able to adequately cover their minimum basic needs," which amounted to $25 per week. Mr. Heeger, the union negotiator, argued that the industry was booming; and, therefore, Chrysler in Capetown could afford to raise wages to the level in the rest of the country.

Mr. Lock, the Chrysler negotiator, stated that the $25 an hour which Chrysler paid was competitive and that Chrysler "considered the union's proposals as unreasonable."

2.) The union should be recognized as representing Chrysler's Coloured workers and agreements should be negotiated with them.

Mr. Lock responded that Chrysler employed a high percentage of whites, and "in view of this the firm did not favour negotiating with a union only covering a certain portion of the workers."

This response was made in spite of the fact that unions are naturally based on racial groupings in South Africa, and the only real way Cape Coloured representatives could have their interests represented is through a Coloured union. In addition, Mr. Heeger recounted in interviews that Chrysler would not allow union representatives on their premises even during lunch break and that on one occasion when he was talking to a throng of interested workers outside Chrysler's gates, Chrysler had called the police, who came and arrested him. Chrysler, Mr. Heeger posited, worked in every way possible to stop its Coloured workers from organizing into a union.

In a representation to the Minister of Labor answering a government request in May, 1964, for comments on the establishment of a Conciliation Board to deal with the dispute about whether a Coloured union should be allowed to organize in her plant, Chrysler made several points:

A.) Chrysler did not believe that a majority of its Coloured employees were members of the union and did not believe "that a union is a useful or necessary organization in the circumstances." (This in light of Chrysler's overt actions preventing union organizing.)

B.) "The wages plus cost of living allowances paid to our Coloured workers compare favourably with those paid to operative labour in other Motor Assembly Plants;" Therefore "the proposed wage scales and conditions
of payment are completely unrealistic and quite out of perspective." In these two sentences Chrysler has indicated that its wage rates are in effect set by the averages of the industry notwithstanding the facts that these averages are inadequate, racially discriminatory, and out of line with the major profit being made.

C. "We maintain that our Coloured employees are very well cared for," Chrysler reported, and went on to say that they had formed a new Personnel and Industrial Relations Department because of the importance of personnel relations. The paternalism inherent in this 1965 statement is echoed by Chrysler officials in 1970. The Elate's River Managing Director argued that his plant had no need for unions since it stayed far enough ahead in wages and benefits that a union becomes superfluous. He went on to say, however, that white artisans were represented by the Iron and Steel Union, providing an interesting double standard for Whites and Coloureds.

The Director of Personnel and Labor Relations in Chrysler's Pretoria plant stated, "We feel at this stage that the less we have to do with unions the better. There's enough incentive for us to look after our people better." To an African the concept of bargaining is a foreign one, for "he accepts the white man as his guardian."

The concept of the right of a worker to organize and press for changes which he, not the employer, feels are in his best interests, a totally accepted concept in the US, is definitely not part of the modus operandi of Chrysler in South Africa.

In its representation to the government in 1965, Chrysler pleaded that top management would not have time to engage in lengthy negotiations with union representatives since tremendous energies were to be expended in implementing the government local content program (a program to increasingly produce vehicles from South African products.). Thus Chrysler appealed to the government's self-interest, asking them to refuse the union's request to establish an agreement and a Conciliation Board to oversee the establishment stating Chrysler is "confident that, with the continued cooperation of the Department of Labour, we can maintain sound industrial relations in all our affairs with all races in our employ, without an agreement."

Such a statement documents in stark form several things: 1.) Chrysler obviously resisted any negotiations with Coloured unions. 2.) Chrysler's concern for standards of "sound industrial relations" are in accordance with South Africa's Department of Labour and the Factory Act. These are standards to be following when both government bureaucracy and legislation are dedicated to white power and preferential white treatment.

Chrysler, therefore, not only actively opposed Coloured unions but actively supported government labor policy and standards.
CHRYSLER SOUTH AFRICA

Invites applications for the vacant positions of

PRODUCTION SUPERVISORS

Opportunities exist for men with supervisory experience, who wish to follow a career in a modern vehicle Manufacturing and Assembly Plant, where full recognition is given for ability and initiative.

Previous experience in car assembly operations would be useful but not essential as the men appointed, will be placed on Training Programmes to equip them with the skills required in the job. Practical experience in any of the following areas would be a recommendation:

- SPRAY PAINTING
- PANEL BEATING
- UPHOLSTERING
- WELDING

The positions are on Salaried Staff and general conditions of employment include excellent salaries, five-day-week and comprehensive Medical Aid, Pension and Group Life Insurance plans.

A salary of not less than R280.00 per month is offered. Previous vehicle assembly experience will be recognised in determining a higher starting salary.

To arrange an interview please telephone Mr. Jandrell at 76-4951 ext. 217, or evenings 31048 (Pretoria).
APARTHEID — THE MAGIC CONCEPT

that was once a certain election winner — is
starting to rock the Nationalist Party to its
deadly foundations, and, at the same time, it
is ruining South Africa into serious economic
difficulties.

The labour crisis has become so alarming
that the Chamber of Mines, the Federated
Chamber of Industries, the Afrikaanse Han-
delinstof, Associated, Sefisa and others,
have become almost hysterical in their warn-
ings about the danger. Just how serious the
labour crisis has become was perhaps best
described by Mr. J. J. Liebenberg, president
of the South African Staff Association, who
says that "as things are at the moment, South
Africa is sitting on a bomb".

Here to stay

Not the least disturbing of recent disclo-
sures is that contained in the Reserve Bank's
Quarterly Economic Review, which points to
a falling off in the rate of investment in new
plant and equipment in the manufacturing
sector. This means only one thing — that the
economic growth rate is about to start
slowing down

A number of factors — some of them
temporarily beyond our control — contribute to
this depressing trend; but what is abundantly
clear is that one of the most important of
these factors is apartheid.

After years of apartheid theory, we have
reached the stage of practical apartheid, with
the Government making desperate attempts
to implement a policy that conflicts with all
the laws of economics, of supply and demand
and of rationalized labour.

The damage is twofold. In the first place,
apartheid cannot be implemented, with the
result that the Government is wasting an
eonous amount of time, money and man-
power on a project that is utterly incapable of
fulfillment.

Secondly, this hare-brained experiment
is choking the economy for a loop. It places
artificial restraints upon the normal flow and
development of the labour force, which, in
turn, slows down productivity and prevents
businessmen from carrying out the normal
economic growth, which is necessary to keep the economy
stable — and buoyant.

The Planning Act

One of the most senseless of the Govern-
ment's apartheid devices is the Physical
Planning Act, which deliberately sets out to
prevent entrepreneurs from carrying out
their normal expansion. The attempts to
induce them to make immediate investments are
often impractical, impracticable, and come to
nothing. The upshot is that, although the "border
industries" remain a vitiating part of the
economy, the other industries (where real
development could take place) are being
curbed and restricted.

Another economic indicator of the Govern-
ment's mindset is the economy's "border
industries", which, in a sense, are the only
ones that are allowed to grow. The Govern-
ment has got results, of course, but these are
all unpleasant. On the one hand, the economy is reeling from the
apartheid hammer blows directed at it from
different ministerial departments; and, on the
other, the Government does not even have
the constitution of seeing apartheid actually
work.

Harmful effect

All kinds of theories and explanations are
being offered to account for the swing against
the Government in the elections but, before
April 22 and since, we have held the view
that the most important single event likely to
fluence voters against the Government is
the harmful effect the apartheid policy is
having on the economy.

Until recently, the voters regarded apar-
theid as something resorted exclusively for
Non-Whites; and they were content to let it
go at that because they felt confident that it
contained nothing harmful for the Whites.
That idea has been shattered. It is now
abundantly clear, even to many Nationalists,
that apartheid laws aimed at labour and
industry are dislocating the economy, pre-
venting normal growth and leading, inevita-
bly, to some kind of recession.

If that were to happen then the jobs of
White people would be in danger — and this,
understandably, is what frightens them. Most
White workers today can see for themselves
that their own jobs depend on the rational
deployment of labour. They know for certain
that we are all utterly dependent on Non-
White labour and could not exist for a week
without it.

Growth rate

Furthermore, the White voters have also
reconciled themselves to the fact that Non-
Whites are here to stay. They have come
round to the view, also, that if the Non-
Whites are here, even if the Whites must make
the best of their presence in the White areas
instead of knocking them and the economy in
the vain hope that we will somehow make the
Bantu vanish to the "homelands".

Although this should all be clear by now,
it is doubtful whether the message has got
through to the Government, which shows no
signs of abandoning its reckless policy of
"purifying" South Africa regardless of the
cost.

A few more elections, and perhaps the
Government will learn that the voters are
now willing to accept economic integration
(a) because they have no other choice and (b)
because their livelihoods depend on it. Once
they accept it, they want a policy based on
the reality of economic integration. They do
not want an outmoded, fanciful, archaic
policy designed for an apartheid which
simply does not exist — and can never exist.

We trust that the economic danger signals
will serve as a warning to the Government
that its apartheid ideologies are false and
unworkable. The Government is actually
jeopardising the nation's security and safety
by enforcing a policy that can cause nothing
but disruption.
The Principles of Caltex

1. To comply in letter and spirit with laws and regulations, and to co-operate with government officials.
2. To help strengthen national economies and the well-being of the people in our marketing areas, consistent with sound business principles.
3. To stimulate development of local industries whenever possible, by purchasing locally, requirements of equipment, goods and services.
4. To employ, train and advance nationals of each country, building and maintaining a loyal and efficient corps of employees devoted to furthering mutual best interests.
5. To provide fair wages and working conditions for employees and to establish plans for their benefit and protection.
6. To be a good citizen and neighbour, observing all local customs and practices; to develop an understanding of and interest in the welfare of the community and its people.
7. To manufacture high quality products, developed by constant research, always zealously guarding the reputation of our trade mark; to aid the development of industry, transportation and agriculture by supplying these products at a fair price.
8. To achieve fuller appreciation of our importance as a constructive influence in the economic and social life of the country.
ADDITIONAL RESOURCES


3. Reprints of pertinent articles are available from the Southern Africa Committee, 637 W. 125th Street, New York N. Y. 10027. A kit containing specific articles and the magazine "Apartheid and Imperialism" is available from the committee for $1.25.


5. "Work, Wages, and Apartheid" by Ruth First, Unit on Apartheid, United Nations, September 1970.


7. "Wisconsin Companies in South Africa" by the Madison Area Committee on Africa, available through the American Committee on Africa (see #1 above).
IDEA THAT FOREIGN INVESTMENT CAN IMPROVE CONDITIONS OF AFRICANS - A DELUSION

by

Mrs. Jean Sinclair
National President, The Black Sash

(The Declaration by Neil Waters, prominent British businessman, against investment in South Africa - published in Unit on Apartheid Notes and Documents as a Special Article in October 1970, provoked a significant debate in business circles and the press. The Financial Mail of Johannesburg commented on September 11, 1970, that the decision of Mr. Waters does harm to the people discriminated against and deprived, and that "it is better to do what one can as a businessman to improve conditions of life within the system." In reply, Mrs. Jean Sinclair, National President of the Black Sash asserted that this view is a "delusion." Extracts from her reply are reproduced below.)

This hackneyed argument is the standard reply given to those who criticise the lack of positive action in the face of the myriad laws, controls and restrictions which inhibit the growth of a free enterprise economy and hold workers in virtual serfdom. It is an argument which stilles the conscience of the businessman in the belief that he is alleviating the deprivations and hardships suffered by the African people.

Who is benefiting?

With respect and in all sincerity I ask who is benefiting by the opening up of new industry and the investment of new capital in South Africa? First, the government, which takes 41 per cent of the profits in tax; second, the industrialist and his shareholders, who make a fair return on their investment; and last the African worker, who has a "better job and 30 rand in his pocket at the end of the month."

Poverty wages

Thirty rands a month is an average poverty wage, is 29 rand below the poverty datum line and is the level at which the African becomes liable for income tax. Those who believe that economics will bring about change and who believe that half a loaf is better than no bread should at least ensure that every worker receives a living wage.

According to Mr. Donald Woods, two-thirds of all South Africans are suffering from malnutrition. In Soweto alone approximately 70 per cent of the population live below the breadline. Mr. W. Langschmidt (Market Research Africa) estimates that 25 per cent of all urban households had monthly incomes as low as between 1 rand and 19 rand a month; 40 per cent between 20 rand and 49 rand; 20 per cent between 50 rand and 79 rand, and only the remaining 15 per cent are earning more than 80 rand a month.
Africans constitute 68 per cent of the population and their share of the nation's income is 19 per cent. In contrast, the whites, who comprise 19 per cent of the population, receive 73 per cent of the income.

Profiting from exploitation

The provisions of the Physical Planning Act, the recent statements of the Prime Minister and the Ministers of Labour and Bantu Administration with regard to the utilization of labour, and the insistence of moving more industry to the border areas, where wages are even lower than in the metropolitan areas, the terms of the Industrial Conciliation Act having been withdrawn from these areas, are surely indicative of the Government's determination to carry out its policy without regard to the needs of the economy and without concern for the needs of the African workers.

These facts make Mr. Wates' statement all the more pertinent. The crux of what he had to say is contained in the following paragraph of his report: "... We could not be true to the basic principles on which we run our business and we should lose our integrity in the process. We should have to operate within a social climate where the colour of a man's skin is his most important attribute and where there is virtually no communication between the races; we should be locked into this system, we should have to operate within an economic climate which is designed deliberately to demoralise and to maintain an industrial helotry; we should, in turn, profit from such exploitation and ultimately end up with a vested interest in its maintenance."

If Mr. Wates were to adopt (the) rather presumptuous suggestion that he could use his profits for the benefit of African education, health and welfare, he would be doing the very thing which he finds so repugnant. He would be helping to bolster up the whole rotten system of apartheid and would "have a vested interest in its maintenance."

Businessmen silent on inhumanity of apartheid

For far too long, commerce and industry have sought to negotiate with the Government to obtain minor concessions and exemptions for themselves, from certain prohibitions and restrictions contained in legislation. But the public has never heard their voices raised in protest against: poverty wages which are often paid to African workers; lack of bargaining power for Africans; suffering caused by influx and efflux control and the migrant labour system; the serious shortage of housing; lack of security of tenure; broken families; the long distances they have to travel to and from work; the restrictions on the type of work they may do.

All the protest and the discussion has been with reference to the effect of the manpower shortage on the economy, but very little is heard about the effects of the policy on the African people who are being pushed round and denied the right to work.

Mr. Wates' decision, instead of invoking criticism should cause South Africans in general and businessmen in particular to stop and think why the whole world abhors South African policy, and to question whether they are using their considerable power to bring pressure to bear on authority to alter its uncivilised and inhumane policies before the country is completely isolated and before its economy is ruined.
Al's is beter met groot, groot Coke