STATEMENT TO PUBLIC HEARING OF THE ASSEMBLY - STATE OF NEW YORK, ALBANY

Subject: Preferential Bidding for New York State Companies
which do not do business with South Africa

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I am happy to participate in these hearings on behalf of the American Committee on Africa in support of the Amendment to the labor and finance laws of New York State whose purpose is to prevent the state from contracting to bidders who are supporting the white minority regime of South Africa by doing business there.

The ACOA has been working in the field of African-American relations since 1953. We, as an organization representing thousands of members, have supported the independence of the African people, and have vigorously opposed white minority domination as it has expressed itself particularly in southern Africa.

The critical public debate affecting South Africa in the United States has revolved around American corporative investment there. This investment now is in excess of $1.5 billion. The question is: does this investment lead to change the racist structure in South Africa or help to perpetuate it? Through its contracts with U.S. companies involved in South Africa, is New York State helping the forces of change away from racism in South Africa, or strengthening apartheid? Our organization firmly believes the latter is the case and New York State should use its pressure to encourage the withdrawal of U.S. companies from South Africa.

Supporters of the theory that change can come through foreign economic investments in South Africa argue that, as the economy of South Africa becomes more and more industrial, Africans will be encouraged to come to the urban areas at more favorable wages and under better working conditions. The pass system will tend to break down because of the need for black labor in the cities, and from these changes in economic patterns political gains will emerge for black Africans.

Furthermore, it is argued that the regime can be influenced only if there is greater communication from the outside, not less. Supposedly the increase in invest-
ment also increases the amount of influential communication.

Thus, this theory implies, it is possible to be an opponent of apartheid and yet to carry on business as usual on the ground that the strengthening of the economy is also bringing about the downfall of the architects of this system of racial oppression. Enough time has gone by to show the futility of such an approach.

As American investment in South Africa has grown, and as the South African economy has expanded, apartheid policies have worsened.

In 1950, just two years after the National Party, with its doctrine of apartheid, came into power, American investment in South Africa amounted to $140 million. It has grown ten times that amount since then. During this same period the National Party has increased its political hold on the country so that it now has about 75 percent of the seats in Parliament and its legislation cannot be blocked.

The period of National Party control has resulted in the most oppressive apartheid measures. Numerous restrictive laws have been passed, the major political organizations of nonwhites have been banned and most of the black leadership is either in prison or exile.

The profound gap between white wealth and black poverty has actually widened. In 1969, the gap between the average monthly pay for South Africa's white and black industrial workers was $259. By September 1975, the gap had risen to $463, despite wage increases; in 1975 the average black industrial worker was earning $125 a month, his white counterpart earned $589 a month. The poverty datum line, that is the absolute minimum income on which a family can barely survive, was calculated at $149 a month for a black family living in Soweto in 1975. In other words, by 1975 the average black worker was still being paid less than survival wages, despite Polaroid's "reforms" and the wide-scale activities of U.S. corporations.

Apartheid laws make advancement within industry for the African worker almost impossible. Under the Industrial Conciliation Act, for example, African trade unions are not permitted to engage in collective bargaining or to strike. Under the same
act the Minister of Labor has the right to determine which job categories will be reserved for particular racial groups.

Prime Minister Vorster and his colleagues have made it abundantly clear that they do not intend to change their policies in the future. "There can be no black politics in a white area" said Minister of Justice Jimmy Kruger, after the Soweto uprising. In October 1976, *New York Times* correspondent John Burns asked Vorster whether blacks would ever exercise political power in South Africa. The Prime Minister answered bluntly, "I cannot foresee such a day at all". As late as February 1977, Vorster made a speech before Parliament refusing to consider any change in the pass law system, although more sophisticated South African whites had urged him to do so to avoid the explosive situation now visible on the horizon.

Let me deal briefly with just two specific examples of ways apartheid is strengthened by relationships with U.S. economic institutions. I refer to oil companies and IBM. New York State is involved in South Africa through contracts with companies in these two areas.

The Oil Companies: Caltex and Mobil

As in any industrialized country the oil industry in South Africa is of crucial importance to the economy. Oil is the one major raw material not produced (except synthetically from coal) in South Africa. Although oil comprised only 26% of South Africa's energy resources at the end of 1973, its importance had been increasing, particularly in the vital transportation sector. In addition oil is an essential raw material for a variety of important industries, including plastics, fertilizers and other petro-chemical products. Recognizing the importance of this industry the South African Government has established a high degree of control over the industry in its attempt to ensure a constant supply of vital material. Major oil importing is totally in the hands of foreign oil corporations.

In 1975 Caltex, announced a $134 million expansion of its Capetown (Milnerton) refinery. Scheduled for completion in July 1978 the new facilities will increase
the refinery's capacity to 100,000 barrels of crude a day - double the current capacity, and also increase the production of motor and other light fuels from a given volume of crude. Major units to be constructed, involving the most advanced forms of available equipment, will be a new distillation plant, catalytic cracking facilities for making gasoline and sulphur removal and recovery facilities. The investment represents a massive increase in U.S. petroleum investment in South Africa and will reportedly give Caltex over two-thirds of the U.S. petroleum stake there.

This new investment serves the interests of South Africa in three ways. It provides a major source of capital inflow at a time when the gold price is falling and the balance of payments is being badly squeezed, and it will provide significant savings in the importation of crude - being new processes will increase productivity considerably. It will also strengthen the identification of the company with the interests of South Africa.

Caltex appears to have had a consistently friendly relationship with the South African government, supplying it with oil for civilian and military purposes. The corporation has however refused to answer questions about its military dealings with the South African government, hiding behind the provisions of the South African Official Secrets Act. They have admitted that it would be a crime under South Africa's law were Caltex South Africa to undertake a commitment not to supply petroleum products to the government of South Africa, whether for use by the South African military or any other branch of the South African government.

In other words involvement in refinery operations by U.S. corporations in South Africa inevitably means supplying the apartheid regime and its armed forces, wherever they may be operating.

Caltex expansion has not meant a similar expansion in jobs for Africans. New plants and installations tend to be highly sophisticated and automated; black workers have been replaced by machines or white, more highly skilled workers. Thus between 1962 and 1972 the number of employees (total) fell from 2400 to 1830, the proportion of Africans in the work force fell from 32% to 22%, while white employees rose from
56.5% to 66%. The total number of jobs for blacks in 1972 was 607 – the value of Caltex's investment at that time was $100 million. It is worth noting that in addition Caltex employment practices are openly discriminatory. Standard Oil said of employment practices: "Caltex South Africa's employment practices are governed by South African laws, and in the event of any conflicts between these laws and EEO practices the company must be guided by the former."

In a sense Mobil has provided its own indictment of its activities in South Africa in the testimony presented recently. With an investment of $333 million Mobil currently controls over 20% of the market, has also recently expanded its refining capacity to 100,000 barrels a day, 60,000 barrels being crude supplied by Mobil from Iran. Mobil proudly acknowledges the importance of this operation in official South African eyes and has itself pointed out that: "The government has welcomed up to now the introduction by foreign investors of capital knowhow and specialized skills and there are numerous financial incentives which encourage self-sufficiency in local manufacture and the substitution of imports by locally produced items."

As with Caltex the details of Mobil's military dealings with the government are shrouded behind the Official Secrets Act. But the crucial importance of oil, and the consequences of that importance are interestingly clarified in a legal opinion obtained in response to requests for information arising out of the documents published by the United Church of Christ in breaking Rhodesian sanctions. The opinion says "Oil supplies are the very lifeblood of the army, navy and air-force, and information in regard to the sources thereof, refining, storage, reserves and distribution, are of the utmost strategic importance to the State. It can accordingly readily be envisaged that the South African Minister of Defense would allege that disclosure of such information to the Federal Authorities is likely to be useful to an enemy."

Thus U.S. oil corporations have moved into a position where they can take an
active role in supplying the South African government with strategic materials, such as oil, and protect themselves from disclosing the nature and extent of their activities by invoking the South African Official Secrets Act.

When it is remembered that the main war that the South African government is engaged in fighting is a war against its black population the enormity of this situation becomes clear.

In 1974 Mobil companies in South Africa employed 3370 people, including 1244 "nonwhite personnel". Of those nonwhites 94% are still in the lowest job categories. Less than 100 black workers have moved out of the bottom categories of employment at Mobil - a poor exchange in terms of "progress" for the strength that is being provided by Mobil to the South African government.

I.B.M.

I.B.M. is in a rather special position in South Africa, in that it does not produce computers there, and is thus not an investing corporation in the way the oil or motor corporations are. Yet, because of its unique role in the provision of extremely advanced technology it assumes an importance which cannot be ignored.

1974 reports estimated at least 1000 computers in South Africa, 40-70% being estimated to be IBM machines; there are 254 known installations, the majority of the wide ranging 360 series.

At least one third of all IBM business in South Africa is done directly with the government. The Department of Defense has IBM computers, so does the Department of the Interior, which administers all prisons (in which not only political prisoners, but hundreds of pass offenders must be kept track of). IBM continues to stress that it cannot be breaking the arms embargo because it does not sell arms - but it has sold to South Africa computers in the 360/65 series, and in Thailand the U.S. airforce used those computers to co-ordinate bombing missions. IBM says its Defense Department computers are used for purely "non-military" applications - salaries (of the army), stock control, etc. It should not be necessary
to point out that anything that increases the efficiency of an army has military implications.

IBM has denied selling computers to operate the pass laws; but it has been reported to have sold computers to Bantu Administration Boards - the local administering agency of the apartheid system. During the recent uprisings in South Africa Bantu Administration Board Offices and the records they contained were amongst the first targets of an angry population. This raises the serious question of whether with the help of an IBM computer those records were all centrally stored and will soon be in use again.

Other users include the Council for Scientific and Industrial Research, the government agency for co-ordinating research in critical military and strategic fields, including the operations of the National Institute for Defence Research. Considerable wind tunnel and other military type research has been done under the wing of these agencies, leading to the development of the Crotale missile and other locally produced weapons. IBM states that its computers have not been used for any such research.

The Atomic Energy Board also has an IBM computer. This is the government controlled agency charged with the responsibility for all atomic/nuclear related research, including the development of an enriched uranium process. It is impossible to overstress the importance of this type of work in South Africa's struggle to make itself indispensable to the "western" world. The ability to produce enriched uranium, an ability that appears quite likely to have involved the use of an IBM computer, will give South Africa an important bargaining tool in its dealing with energy hungry countries.

The New York State legislature can make a significant contribution to the worldwide struggle for human rights, and also to the cause of world peace, by unmistakably using its influence to end American economic support for the perpetuation of white minority domination in South Africa through the passage of this amendment to the labor and finance laws of the State.