Corporate Action Update

Polaroid

As you can see by the enclosures, Polaroid has decided to terminate its sales agreement in South Africa, precipitated by ACOA's release of a document to The Boston Globe exposing Polaroid's sales to the South African government. The documentation was obtained by ACOA from a militant of the African National Congress, Indrus Naidoo, who formerly worked for Polaroid's Johannesburg distributor and is now in exile. Additional copies of the articles are available from ACOA gratis.

Krugerrand

Also enclosed is a copy of an article, based on an Associated Press story, about the three major television network affiliates in New York deciding to drop advertising for South Africa's gold coin. The same network affiliates in Boston have also dropped the advertising in response to a campaign organized by the newly-formed Steven Biko Memorial Coalition. In addition, Clergy & Laity Concerned reports that WBBM-TV in Chicago has agreed to stop running Krugerrand ads. According to the station manager, "They are offensive to a large part of our audience...they are unethical...we won't run them." Krugerrand ads continue to run in newspapers in all these cities and many others around the country. Additional copies of the enclosed fact sheet on the Krugerrand are available from The Africa Fund for 10¢ each. Over 10 copies, 8¢ each.

Bank Loans to South Africa

The National Council of Churches Governing Board voted November 11 to "undertake the withdrawal of all funds" in banks making loans to South Africa, and to urge the constituent church denominations to "adopt this policy." (see enclosed article). Other news on the bank campaign is included in an informal newsletter produced by the Committee to Oppose Bank Loans to South Africa, and available from ACOA upon request. A copy of a speech by Nigerian Ambassador to the U. N. Leslie Harriman, who chairs the U. N. Special Committee against Apartheid, to church representatives, is also available.

Oil to Rhodesia

Enclosed is a copy of a New York Times article about moves at the United Nations to tighten economic sanctions against Rhodesia by forcing multinational subsidiaries in South Africa to abide by U. N. sanctions. A briefing paper by Bernard Rivers on this subject is available from ACOA gratis. Rivers may be contacted at the ACOA office.

-Paul Irish
Polaroid cuts S. Africa shipments

POLAROID
Continued from Page 1

By Robert Lemmer
Globe Staff

Polaroid Corp. cut off all shipments to South Africa yesterday.

After receiving confirmation that secret sales to the South African government had been made by its independent distributor there in violation of a 1971 agreement.

Apparently, Polaroid is the first American company to pull out of South Africa completely. It does not plan to establish another distributorship.

The decision to end the 18-year relationship with Frank & Hirsch, the Johannesburg distributor, came after a telephone call from Hans Jensen, Polaroid export sales manager, who reported finding several deliveries to the South African government in his examination of Frank & Hirsch records yesterday.

The Globe had informed Polaroid management in Cambridge last Wednesday of allegations about secret transactions, and gave the company a photostatic copy of a delivery to the Bantu Reference Center in 1975.

The Globe had received the copy of the transaction from Paul Irish, an official of the American Committee on Africa. It passed on details of Frank & Hirsch sales methods obtained in several transatlantic telephone conversations with Indren Naidoo, a 41-year-old former employee of the distributor, now exiles from South Africa.

Polaroid sent Jensen and an outside accountant from London to Johannesburg. They arrived on Saturday night, and went to the offices of Frank & Hirsch yesterday by surprise.

According to William McCune, Polaroid president, Jensen reported that he found several other transactions with the government in 1975.

Jensen reported in a brief telephone conversation with top Polaroid officers that Helmut Hirsch, the owner of Frank & Hirsch, "was shocked. He claimed he had no idea this was going on."

McCune believes that Hirsch, an elderly man, who has been spending a good deal of time traveling the past few years, "did not know about the transactions." But, he emphasized, "I don't think we know enough. There is very little information. There was no complete audit."

After the telephone conversation, Jensen left Frank & Hirsch without telling Hirsch that Polaroid intended to cease its relationship with the firm. Neither Jensen nor Hirsch were available last night.

Robert Palmer, director of community relations, described top Polaroid management yesterday as "distressed. We've been wrecked. People are upset, disappointed. They don't feel anger. They used that up last week."

Polaroid management intended to call Hirsch last night in Johannesburg to inform him about severing the connection. The distribution contract runs out at the end of the year anyway. A Polaroid spokesman said there might be a shipment of goods on the seas headed for South Africa or in transit from Europe. The distributor is supplied from Europe.

Polaroid sales to Frank & Hirsch, estimated between $3 million to $4 million this year, are thought to be less than half the revenues of the distributor.

In 1971 Polaroid and Hirsch agreed to make no further sales of products to the South African government. This ban was the result of a furor over the use of Polaroid film in the identity passbooks used by black Africans, the symbol of racial oppression in South Africa.

Last week, however, The Globe learned from Naidoo that Frank & Hirsch was making deliveries of film and cameras to the military headquarters outside Pretoria, and to several Bantu reference centers, the agencies that administer the passbooks. The billing was done through Mullers Pharmacy in downtown Johannesburg, so that there was no record of funds being received from the South African government.

The film was placed in unmarked cartons, and then transferred to unmarked transport vans for delivery to their destination. Naidoo worked in the dispatching office between 1973 and 1976, and handled the packages of these shipments. He was fired in April 1976 for refusing to sign a waiver of responsibility about taking a lie detector test being used in an investigation of theft.

Over the past six years Polaroid has influenced Frank & Hirsch to substantially raise the salaries of its black employees and has contributed almost $500,000 to several black groups in South Africa.

This experiment in corporate responsibility has come to an end now.

"Palmer, the company's director of community relations, said yesterday: "Hirsch followed the program we outlined — equal pay for equal work, and black employees were moved into jobs the whites held."

"Our only major concern was the small size of the distributor. There were 200 black employees. But I think our influence shifted to the ripple effect on other US corporations," he added.

The Polaroid move to get out of South Africa comes at a time many US corporations are considering possible withdrawal or other action in light of repression by the Vorster regime.

A senior officer of the photographic giant wrote US Vice President Walter Mondale two weeks ago asking for advice for its course of action. No answer has been received yet.

Yesterday, Peter Wensberg, senior vice president for marketing, said after meeting with The Globe:

"We're trying to do what's right in our situation. Other companies should make up their own minds."
But firm insists S. Africa sales ban effective

Ex-agent confirms Polaroid sales

By Robert Lenzner
Globe Staff

An independent distributor in South Africa confirmed yesterday that some sales of Polaroid products to the South African government violated its agreement with Polaroid Corp.

But Helmut Hirsch, the owner of Frank & Hirsch (Pty.) Ltd., the distributor, insisted in a telephone interview that other sales to South African government agencies had not been restricted by the ban agreed upon in 1971.

However, a Polaroid spokesman said yesterday at company headquarters in Cambridge: "Our ban applied to all sales to all South African government agencies."

Polaroid informed Hirsch Monday that their distribution agreement was terminated because of confirmation that secret sales had been made in the last three years. The company will no longer have a distributor in South Africa.

Hirsch claimed that "only some agencies were restricted — the security department, the Bantu (black) reference bureaus and the military."

"Muller's Pharmacy (a large Johannesburg druggist) was officially permitted to supply anyone. They were tendering government contracts. Polaroid was well aware of it. They knew the government was putting orders in through pharmacies," he said.

This position is not consistent with a public statement Polaroid made in 1971 through full-page advertisements in several national publications. The statement read:

"For the time being we will continue our business relationships there (except for sales to the South African government which our distributor is discontinuing)."

Monday, Polaroid said: "... Frank & Hirsch has not fully conformed to the understanding with regard to sales to the government... We were... shocked to learn that the understanding not to sell to the government was not followed."

Hirsch, whose firm has distributed Polaroid products for 18 years, explained that his firm supplied many government agencies, including hospitals, water supply agencies and airport. These transactions apparently were prearranged with the government agencies through Muller's Pharmacy.

Hirsch would not divulge the arrangement inside the distributor for sales to the other government agencies. "I wouldn't like to answer that because of my loyalty to my friends," he said.

Polaroid's relationship with Hirsch's firm was terminated Monday as a result of the revelation of other secret deliveries of photographic products to Bantu reference bureaus and the military.

An investigation of Frank & Hirsch's records showed three sales in 1975, two deliveries in 1976 and 12 transactions so far in 1977, according to Hirsch. The records do not go back further.

"We have not in any way dealt illegally or immorally," Hirsch told The Globe yesterday.

He issued a statement in Johannesburg that said: "On hearing allegations that Frank & Hirsch have supplied Polaroid products directly to departments of the South African government we made an immediate investigation that revealed over the past several years a very small number of isolated cases where unbeknownst to us there were deliveries to the South African government."

"Frank & Hirsch regrets these isolated instances because they are not in keeping with the agreement between Frank & Hirsch and Polaroid. Immediate steps have been taken to avoid any recurrences."

Hirsch explained to The Globe that these deliveries were "done as a favor. It's possible the customers phoned, and I was not aware of it," he said.

Hirsch was reported as "shocked" by the secret transactions, according to the report given senior Polaroid man-
Rhodesia’s Oil Suppliers Assailed

By PRANAY GUPTA

United Nations, N.Y., Nov. 21—After months of deliberations, a committee of the Security Council issued an interim report today recommending legal action against oil companies whose subsidiaries in South Africa continued to defy United Nations sanctions by providing oil to Rhodesia.

Although the document did not identify the companies, diplomats familiar with its drafting said the reference was to five multinational concerns: Mobil Oil and Caltex, which are American; Royal Dutch Shell, which is Dutch-British; British Petroleum, controlled by the British Government, and Total, which is controlled by the French Government.

The report, which is expected to stir controversy because of Western reluctance to support some of its proposals, also recommends that the arms embargo against South Africa be expanded to include an oil embargo. Another proposal calls for all 149 members of the United Nations to suspend contacts with Rhodesia, through such means as telecommunication and transportation.

Third World Seeks Early Debate

The report was ordered by the Security Council in May as part of an effort to determine whether stronger sanctions could be applied against Rhodesia. The United Nations imposed oil and arms embargoes in 1968, but there is general agreement that these steps have not been very effective.

It was unclear just when the Security Council would act on the report, which had been prepared by a special sanctions committee of 15 members. Third-world diplomats are urging a debate soon because they feel that the proposals will tighten existing sanctions and perhaps speed the institution of black majority rule in Rhodesia.

The Council’s five Western members—the United States, Britain, West Germany, France and Canada—are reported to be unenthusiastic about immediate action in the light of the current British-American effort to negotiate a Rhodesian settlement.

Western diplomats say that if the effort fails, the proposals in the report could be employed as part of a strategy of pressure on the white-minority government of Prime Minister Ian D. Smith.

Bernard Rivers, a British economic expert whose research on oil was used by the committee, said the proposals could help close loopholes in existing sanction resolutions under which South African subsidiaries of Western oil companies are not barred from supplying oil to Rhodesia.

He said the publication of the report would exert pressure on Western countries and the oil companies to terminate the present flow of oil, worth about $100 million a year, through South Africa to Rhodesia.
3 City TV Stations Stopping Ad on Coin From South Africa

The ABC, CBS and NBC flagship television stations in New York have decided to stop running advertisements for the South African Krugerrand gold coin.

All three recently notified the Doyle Dane Bernbach advertising agency that they would not, for the time being, accept commercials for the coins, The Associated Press reported yesterday. The coins are advertised as "a hedge against inflation or the devaluation of paper money."

WABC-TV said it acted because the ads "would be potentially offensive to a sizable segment of our viewing audience." WNBC-TV said it was reacting to recent developments in South Africa, which has moved more strongly than ever to silence opponents of apartheid. No one at WCBS-TV would comment.

Paul Wardell, senior vice president of Doyle Dane, commented that he found it a "very interesting simultaneous decision" that all three stations took the action at the same time.

"This is a local phenomenon, one that I totally disagree with, but it's apparently within their right," Mr. Wardell said, adding that the commercials had been refused only by the three network affiliates in New York City. Newspapers and the independent TV stations here are continuing to run the ads, he said, as are papers and stations in some 24 other cities.

Both the WABC-TV and WNBC-TV spokesmen denied that they had been pressured into the decision, saying they decided independently.

A number of groups, including the American Committee on Africa, have sought for several years to halt the selling of the coins, each about the size of a half dollar and containing one ounce of pure gold. The Krugerrand sell for about $179 each, depending on prevailing gold prices.

"Buying the Krugerrand is like buying the blood of black miners in South Africa," said Paul Irish, associate director of the committee, explaining the reasons for the protest. "Essentially it's providing critical foreign exchange by which South Africa is able to buy arms and anything else it needs to keep its system going," he added.

Protests included picketing and letter-writing campaigns. More recently, a panel of industry executives was sharply questioned about the ads during a National Association of Broadcasters meeting in Boston.

It was not until last week, however, that WCBS-TV and WNBC-TV announced their decision to the ad agency. WABC-TV followed suit on Monday.

Manhattan's Borough President, Percy Sutton, who has been active in the protest campaign, said he was "delighted" at the development and added, "I think we may have finally developed a consciousness."

"I don't want it to appear that we intimidated them, because we didn't," Mr. Sutton said. "We've just tried to talk to them. They ought to be saluted on a moral basis."

Robert Howard, vice president and general manager of WNBC-TV, said, "We had carried the ad in the past, but with the actions by the Government on the banning and so forth we reconsidered our position and advised Doyle Dane that we would not carry it."

Kenneth MacQueen, vice president and general manager of WABC-TV, said he was aware of the political situation, but it was not an important factor in his decision.

Continued on Page 31, Column 1