The role of foreign corporations in South Africa has become a matter of increasing debate since the spread of mass rebellion throughout that country in the summer of 1976. The death in detention of Steve Biko, founder of the Black Consciousness Movement, in September, 1977, and a subsequent wave of government bannings and arrests added new urgency to the issue.

The South African government recognizes that continuing economic support, particularly from Europe and the United States, is essential for its survival. It is spending millions of dollars on public relations campaigns urging investors to put their dollars into this profitable paradise. At the same time it has charged people advocating the withdrawal of foreign investment from South Africa with the crime of "terrorism," an offense punishable by a minimum sentence of five years imprisonment and a maximum sentence of death.

In November, 1977, the Polaroid Corporation announced its withdrawal from South Africa in a statement which was perceived as an admission that the company no longer believed its own earlier contention that US business could play a positive role in eliminating apartheid. Other corporations, however, continue to insist that this is true, despite the evidence of increasing repression—more than 700 people were known to be in detention at the end of 1977—and despite such comments as those of Donald Sole, South African Ambassador to the US.

In an interview published in Princeton University's The Forerunner Magazine on February 27, 1978, Sole was asked what role US corporations might play in bringing about political change in South Africa. He responded, "I do not think that they will play any role in what you refer to as 'elimination of apartheid'...They cannot play any role whatsoever in the institution of Black majority rule...foreign investment can change standards of living, can improve society and things of that kind, but it will not change political patterns."

While no major elected US official has yet called for withdrawal, a 1978 report of the Senate Subcommittee on African Affairs noted that "Collectively, US corporations operating in South Africa have made no significant impact on either relaxing apartheid or in establishing company policies which would offer a limited but nevertheless important model of multinational responsibility. Rather, the net effect of American investment has been to strengthen the economic and military self-sufficiency of South Africa's apartheid regime..." The report recommended various actions designed to discourage investment.

In an indication of growing public support for some form of government action, a Harris public opinion poll released in December, 1977, showed that 42% of those Americans polled favored preventing any new investment in South Africa, compared with 33% against.

The following is a small sampling of the voices of those who have come to believe that investment in South Africa is no longer—if it ever was—defensible. There are many different speakers, but they are united by their belief that what is needed in South Africa is the total abolition of apartheid.
"Corporations stress the positive advantages of the creation of some tens of hundreds of jobs. They boast of training programs and equal pay, even sometimes of equal opportunity. THEY USE MICRO ECONOMICS TO OBSCURE MACRO TRUTHS.

Firstly, they ignore the fact that the whole structure of the society is carefully designed to prevent generalized equal opportunities for black and white. At the same time they continue to benefit from the effects of that deliberate design by way of a cheap, intimidated labor force. Their claims as reformers never speak of the fact that the system of apartheid in South Africa prevents blacks from acquiring education; prohibits them from organizing effective trade unions; forces them to live in restricted, culturally and economically deprived areas; denies them any freedom of movement; only allows blacks access to factories, towns and cities by special permit; denies them any right to seek alternative and better employment; prevents land ownership; prohibits black entrepreneurs and black business except in the tiny black bantustans and specifically prohibits any black from supervising any white. The complex web of apartheid makes a mockery of individual attempts at "equal opportunity employment."

Secondly, the corporations deliberately ignore history. The argument that economic growth and increasing industrialization automatically create pressures that will inevitably force whites to allow greater black participation in society has been totally disproved by the last 10 years of South African history. Yet the corporations and their apologists continue to detect "signs of change." The last ten years have seen intensifying political oppression and land dispossession, the creation of the bantustans and the final, total exclusion of the Africans from any right to an identification as South Africans all at the same time as there was rapid economic growth. The pressures were there but they were dealt with by greater control, not by relaxation of control.

Even the corporate micro-economics is wrong. Black wages have grown in South Africa, but so have white wages and inflation; the wage gap between white and black in absolute terms is still growing. Figures released by the Institute for Planning Research of the University of Port Elizabeth in May 1976 show that Africans still earn less than the Poverty Datum Line wage (minimum subsistence) in almost all sectors of the South African economy. The PDL (or Household Subsistence Level, as it is sometimes called) allows for only the barest necessities for an African family of six; it comprises the cost of rudimentary diet, clothing, fuel, light, washing materials, rent and the transport of the breadwinner to and from work. It makes no provision for any taxes, medical care, education, transport for other members of the family or furniture. The HSL is now approaching R130 ($120.00). In other words South African workers are still, on average, earning well below the poverty datum line.

Thirdly, the corporations consistently underplay the significance of the particular roles that U.S. corporations play within the South African economic and political structure. These are not small peripheral corporations, creating a few jobs while manufacturing insignificant consumer products with simple machines in

the back alleys of the cities. In fact significant U.S. corporations in South Africa are the heavy weights—prominent names on Fortune's 500 list. They frequently dominate the sector of the South African economy in which they operate (e.g.: General Motors, Ford and Chrysler control 60 per cent of the auto market). They provide a level of the most advanced modern technology which small, isolated, domestic companies could not afford. They have access to the capital so desperately needed for the continuing economic expansion of a white-owned, white-controlled, white-benefit economy.

Fourthly the corporations attempt to veil the direct cooperative relationship that often exists between them and the South African government, and the very direct role that they play in the maintenance of the South African state by the provision of strategic materials, technology and technical services to the government.

Fifthly, the corporations refuse to deal with the reality that continuing profitable operations in South Africa require a constant level of stability. Nor do they acknowledge that the well-established links between corporations and the United States government must inevitably involve the U.S. government in a similar quest for the maintenance of "peace and stability," while the black population of South Africa in contrast seeks the total destruction of the system as it now exists."

* Jennifer Davis, research director of the American Committee on Africa. Excerpts from testimony before the U.S. Senate Subcommittee on African Affairs hearings held 9/29/76.
US Government

"Measures which only relieve hardships like marginal raises, subsidized meals, school fee allowances, and personal loans are seen as panaceas which evade question of basic rights of workers. Moreover benevolence toward workers which may impress stockholders at home fails to get at issue of whether presence of foreign firms represents collusion with and effort to profit from apartheid...

With radicalization of black attitudes, tendency to call for disinvestment grows stronger. Added to heightened expectations from new US administration on South African issues, must be expected that role of American firms here will become increasingly controversial and rationale for continued presence will seem less and less persuasive to growing number of blacks."


US Trade Unions

"Since the AFL-CIO has repeatedly called for an end to the system of apartheid practiced by the government of South Africa, it is deplorable that the subjugation and repression of the non-white citizens of South African by a white minority government has escalated...US corporations should immediately divest themselves of South African affiliates, and sever all ties with South African corporations."

- AFL-CIO Executive Council statement 2/24/78

"Apartheid provides a powerful incentive for US companies to make South Africa a haven for runaway plants. It is the interest and obligation of American unionists to fight the corporations' immoral support for the racist South African regime."

- United Radio, Electrical and Machine Workers Union, resolution adopted by 1977 national convention. The union withdrew a $4 million payroll account from Chase Manhattan Bank, a major lender to South Africa.

"We in the UAW don't believe that the hard-earned dues money of our 1.5 million members should wind up being used directly or indirectly to aid a country that practices such racist, repressive and undemocratic policies."

- Douglas A. Fraser, president, United Auto Workers Union in a statement 3/3/78. He announced that the union would withdraw funds from institutions making loans to South Africa.

US Churches

"The governing board of the National Council of Churches of Christ in the United States of America, recognizing the grave injustices in Southern Africa and guided by its commitment to Christian principles and its own affirmations of human rights, declares its support for the following actions...

- Support efforts to end all economic collaboration between South Africa and the United States government and its private institutions involved in banking, commerce and industry until black majority rule is a reality...

- Undertake to withdraw all funds and close all accounts in financial institutions which have investments in South Africa or make loans to the South African government or businesses and urge constituent membership to adopt this policy."

- National Council of Churches governing board, statement adopted 11/10/77

Black Americans

"The NAACP should call upon US corporations to withdraw their investments in South Africa...The conduct of American firms to date...has failed to make a significant impact on the elimination of the total concept of apartheid...The NAACP should maintain its call for economic sanctions against South Africa until all vestiges of apartheid are eliminated."

- NAACP policy proposal adopted by the Board of Directors 1/16/78
"By its repressive actions...the Afrikaner minority government of John Vorster has revealed its true nature and intentions, clearly ruling out any attempt at gradual reform in dismantling the South African system of separate development...our government must feel compelled to discourage US corporate involvement in South Africa."

- Congressman Parren J. Mitchell (D-Maryland), chairman of the Congressional Black Caucus, statement 10/21/77

**Other US Leadership**

"US policy...cannot cling to the naive notion that international economic forces are, or can be expected to be, agents of change. At most such forces will bring a certain number of Africans into the existing system, perpetuating thereby a degree of Western control that cannot help but result in continued internal and potentially international conflict."

- George Houser, executive director, American Committee on Africa

"South Africa is not the only racist nation on earth; certainly not the only oppressive one. But no other contemporary government—and certainly none that stands for the culture of the West—has dared to define itself as the embodiment of white supremacy. To Americans now, such doctrine is simply unacceptable. Gradually, so that there is time for the message to sink in, Americans should be heading for the exit."

- NY Times editorial April 2, 1978

**Companies**

"You have asked whether our bank provides loans to the Government of South Africa and/or to corporations doing business in South Africa. We share your concerns and support your moral position on this issue. Accordingly, we are pleased to advise you that we have not, do not, and will not make any loans to the Government of South Africa. We also advise you that, to the best of our knowledge and belief, we have not and are not making loans to corporations doing business in South Africa."


"...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 could lose our integrity in the process. We should have to operate within an economic climate which is deliberately designed 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."

- Mr. Neil Wales, Managing Director of Wales, Ltd., after visiting South Africa in 1970 and rejecting an invitation to invest in that country.

**International Organizations**

"THE COUNCIL OF MINISTERS...

Convinced that South Africa's isolation by the strict application of sanctions in all fields of activity would help to accelerate the elimination of Apartheid in South Africa and would contribute considerably to the liberation of the South African people...

LAUNCHES an appeal to all countries of the world, particularly the Western countries, to exert pressure on the racist regime of South Africa by totally and completely isolating it through the strict application of sanctions..."


"THE GENERAL ASSEMBLY,

Noting with grave concern that some Governments, in pursuing strategic and economic and other interests, continue to collaborate with the racist regime of South Africa and thereby encourage it to persist in its criminal policies.

Calls upon all Governments to take effective action to prohibit all loans to or investments in South Africa by banks and corporations within their national jurisdiction...

Requests all agencies within the United Nations system to refrain from any dealings with corporations which provide any loans to, or make any investment in South Africa."

- U.N. General Assembly Resolution 31/6H, adopted 11/9/76

"Only a full understanding and response to the problems of Africa will provide the basis for final resolution to our own domestic human problems within the United States."

- NAACP, January, 1978