U.S. Motor Industry in South Africa: FORD, GENERAL MOTORS and CHRYSLER

by Karen Rothmyer

They're our South African soldiers. One of them may be your son or your husband. Or the boy from next door. Nation-wide, Chevrolet Dealers believe we can never do enough for them. So in conjunction with the South African Army Fund we are launching the 'Esprit de Corps' campaign. This is what happens to your Rand when you buy a ticket. It will help the Fund look after the future for South African soldiers. It will provide security for their families should the unexpected happen. And financial assistance if they're injured or disabled. It will help the Fund build rest and rehabilitation centres so they can relax when they come home on leave. And help them with further education. Chevrolet Dealers have also added another reason for taking part in the campaign.

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The Africa Fund wishes to express its thanks to the Interfaith Center on Corporate Responsibility for its assistance in preparing this study.

On the cover: This ad offered three Chevrolet models as prizes in a contest sponsored by Chevrolet dealers to raise money for members of the South African army. General Motors declined to accept any responsibility for the contest or the ad, which ran in the Rand Daily Mail on May 5, 1976, or to criticize the action of its dealers.
INTRODUCTION

Ford, General Motors and Chrysler constitute an important economic force in South Africa. Together, their investments total about $300 million, or about 17% of all US investment in the country, and their assets are valued at approximately $500 million. The three account for about one-third of all motor vehicle sales, and for the employment of more than 11,000 people. Chrysler, by merging its South African operations into a new, South African-managed firm in 1976, provided the nucleus of what is now the country's largest motor company.

The US firms also are important from a strategic point of view. They routinely supply heavy trucks, vans and other vehicles to the Defense Ministry and the police, and, in the event of warfare, their plants could be commandeered to serve military needs.

The companies talk a great deal about improving the lives of their African employees. Reverend Leon Sullivan, a member of the board of GM, was responsible for developing a set of principles which pledge companies to work toward better conditions for their African workers. GM and Ford have been among the principles' leading supporters. Henry Ford said at the time of a visit to South Africa in 1978 that his company now was spending three times as much on training as it had only two years prior.

The companies also insist that they are opposed to apartheid and that they are doing all they can to eliminate it. GM has stated that changes in apartheid constitute the "single most important factor" in the creation of a more promising investment climate in South Africa, while Ford says it has urged the South African government to "repeal all forms of racial discrimination" found in labor laws.

The US firms' actions, however, frequently seem at variance with their public pronouncements. Between 1976 and 1978, when the South African economy was in a downturn and black protest was on the rise, GM laid off more than 40% of its African workers. A Ford employee, questioned in 1978 about the effect of the so-called Sullivan principles on working conditions, reported that "nothing has happened." Two secret GM memos written in 1977 spell out how the company would cooperate with military authorities in the event of "civil unrest."

Such actions suggest that ultimately, the US firms come down on the side of the status quo, a fact which has prompted many groups in the US and elsewhere to call repeatedly for divestment. As the late Steve Biko said, "Heavy investments in the South African economy, bilateral trade with South Africa..., relate to whites and their interests and serve to entrench the position of the minority regime." By their presence, the US auto firms strengthen the system while profiting from it, and in so doing, they raise their stake in apartheid.

January, 1979
THE MOTOR INDUSTRY IN SOUTH AFRICA

The Motor Industry's Role in the South African Economy

The motor industry in South Africa, as in the US, occupies a central role in the economy. In addition to employing a large number of people, it has spawned a whole set of suppliers and related industries which collectively have acted to spur technological development and boost general economic growth.

H.A. Van Hoogstraten, a member of the South African Parliament, noted in a parliamentary debate in 1977 that “the total motor industry is the catalyst for growth in this country. It is a measure of our economic prosperity and economic health... we must build up this industry as an asset and allow it free rein to be one of the leaders in the boom which we hope may eventually come to the fore.”

The motor industry is the largest industry within the manufacturing sector of South Africa, which had a Gross National Product of $31.9 billion in 1976. Spending at retail in 1976 on vehicles, parts and accessories was estimated at $1.4 billion, and as one example of motor manufacturing’s widespread impact, in 1975 the industry spent almost $1 billion on goods and services.

Most of the growth of the motor industry has taken place since 1960. In 1973, there were more than two million cars in South Africa, double the number 13 years before. Not surprisingly, most of those two million vehicles belonged to whites, who have the highest per capita vehicle ownership in the world outside the US.

According to Lou Wilking, GM managing director in South Africa, in mid-1978 there were eight cars per 1,000 Africans in the country, 40 per 1,000 Coloureds, (the name given to those of mixed African and white parentage), 100 per 1,000 Asians, and about 400 per 1,000 whites.

The South African government has acted as the major force for expansion of the industry through its institution of a local content program in 1961. Under local content regulations, an increasing percentage, by weight, of autos produced in South Africa must be composed of domestically manufactured parts. In late 1978, the percentage stood at 66%. Plans call for putting into effect a local content program for commercial vehicles by 1980.

Various reasons have been advanced for the introduction of the local content program, the result of which has been to increase dramatically both outlays for plants and machinery and the number of domestic firms producing auto components.

Key among these has been the government’s desire to make the economy invulnerable to foreign pressures. Concerned over a rise in world disapproval as a result of the 1960 Sharpeville Massacre in which 69 Africans were killed while peacefully protesting against the pass laws, South Africa determined to make itself self-sufficient in all important areas. These included vehicle production.

US auto firms have been more than willing to expend the vast sums needed to comply with South Africa’s local content regulations. General Motors, in fact, has been described in the South African financial press as the chief “cheerleader” for the local content program. While the real reason for GM’s enthusiasm may be economic—as a big company backed by plenty of money, it has been in a position to increase local content more readily than its smaller competitors—GM chose to endorse the local content program in ringing patriotic terms.
John Rhame, the GM managing director, was quoted in 1978 in the Financial Mail, a major South African business publication, as saying that GM could reach 90% local content on any vehicle. The article comments, "Ah, cry the others, so can we—but at what cost? And is it worth it? Yes, says Rhame, in the national interest it is worth it."

The Motor Industry's Role in South Africa's Defense

Aside from its economic significance, the motor industry in South Africa is viewed by the Pretoria government as highly important from a strategic point of view.

On a day-to-day basis, US and other motor firms produce many vehicles with both commercial and military uses. These include troop transport trucks, police vans, and four-wheel drive vehicles.

It is not known how much of the US firms' business—direct or indirect—consists of defense-related sales. Until recently, the companies gave out no details on such sales and even though they now have released limited information, it is likely that the figures given represent only a portion of the true sales total.

Prior to 1978, according to a GM letter to the Investor Responsibility Research Center, a private research group, GM supplied "in the area of 1,500 units" annually to the police and military. F ord told the Interfaith Center on Corporate Responsibility, a coalition of Catholic and Protestant religious groups, that between 1973 and 1977, it sold 128 cars and 683 trucks directly to the South African Ministry of Defense and 646 cars and 1,473 trucks to the South African police.

In the same month that a Ford official wrote that letter, the US Commerce Department, acting in accordance with State Department instructions, ceased granting licenses for the export of goods or technology directly to the South African police and military. The restrictions followed the imposition of a mandatory United Nations arms embargo against South Africa in November, 1977. The embargo was supported by the US.

The new regulations, which also forbade exports to persons or firms whom an exporter knows will resell to the police or military, are of concern to US motor firms because almost all vehicles made in South Africa contain some foreign parts.

Some time after the regulations went into effect, GM told IRRC that the restrictions were keeping it from supplying passenger cars to the military and police, since its cars contain US-made parts. According to IRRC, "The company stated, however, that it has continued to supply commercial vehicles—primarily small trucks—to the security forces since these vehicles are assembled without any US-origin parts." This is further corroborated by a statement made by GM officials to representatives of the United Presbyterian Church at a meeting in mid-1978 to the effect that GM was continuing to sell to both the police and military.

Ford reported to IRRC that as a result of the Commerce regulations, it had experienced "some loss of sales of US-origin trucks to certain agencies of the South African government." Ford said, however, that the effect of the cancellation was "marginal."

The reasons for the limited impact of the new regulations are not hard to find. For one thing, according to Commerce Department officials, 90% or more of the South African government's purchasing is done through a central authority, similar to the US General Services Administration, rather than directly by units such as the army or police. Even more important, Commerce officials, who frankly admit that they are opposed to the new regulations, have left it up to the companies to decide how much they should do to ensure against their goods being sold or passed on to the military or police.

Moreover, there is nothing to prevent a US firm in South Africa from using US technology on hand before February 11, the date the regulations were issued, to fill military contracts. And the regulations are weak enough to allow a US corporation to sell via a foreign subsidiary, meaning, for example, that Ford of West Germany is not affected by the ban. So, in fact, it remains permissible for Ford's South African subsidiary to produce a Ford car in South Africa, using imports purchased either from some Ford subsidiary outside the US or from some other firm, and to sell that car directly to the South African army. Presumably, this is what GM is doing to build the small trucks and other vehicles which it told IRRC it is still selling to South African security forces. Thus, the impact of the Commerce regulations on US auto firms is minimal at best.

If the US and other motor firms are vital for the ongoing operations of the South African police and military, they would be even more important in times of full-scale warfare. Such was the case in World War II, when Ford and GM plants in South Africa assembled 60,000 vehicles and other items of equipment for military use.

The key role of the motor firms is well-appreciated in...
South Africa. The Financial Mail noted in 1977 at the time of passage of the National Supplies Procurement Act, which empowers the government to dictate production to any company in times of national emergency: "It is the general impression that foreign-controlled firms supplying the Department of Defence could be commandeered if their parents instructed them to stop supplying goods which the government needs. These go beyond arms and ammunition: motor vehicles... are among the strategic materials produced by foreign-controlled firms."

In 1967, the South African Financial Gazette commented that "In times of emergency or war each (motor) plant could be turned over rapidly to the production of weapons and other strategic requirements for the defence of South Africa." 18

In contrast, GM chairman Thomas Murphy maintained in a letter to Timothy Smith, executive director of ICCR, that it would take one to two years to convert its South African plants to military production. 19

Mr. Murphy's comments were made in defending two secret GM memos, prepared by GM's South African subsidiary, which indicate that the company is well aware of its strategic importance.

The memos, made public in the US in 1978 by ICCR and the American Committee on Africa, state as a given assumption that in times of national emergency brought on by "civil unrest," the South African government would assume a major role in operations. As a designated "Key Point," it is stated, GM operations at Port Elizabeth would automatically qualify for military protection. Government officials would doubtless impose production requirements and would take charge of plant security, the memos note, but "Unless civil unrest or industrial interruptions precluded the plant from operating by reason of reduced supplies, withholding of labor, failure of transportation systems or a combination of these factors, normal plant operation is assumed." In other words, business as usual.

The sympathy of US firms for officials of the current government is further suggested by the companies' reported response to warnings by South African security police in the Port Elizabeth area, where Ford and GM are located, not to employ relatives of Africans who have been detained or whom the police deem activists. "The firms have agreed not to hire such individuals," according to the Christian Science Monitor, and have agreed "not to fund organizations that look after black interests." 20

Ford and GM officials, queried about the report, say they have received assurances from their South African managers that it is false.

"Activists" in Port Elizabeth form a large part of the population: Steve Biko died of injuries sustained in the Port Elizabeth police station and, according to the Monitor, out of all individuals prosecuted in connection with the 1976 uprisings in Soweto and elsewhere, more than 1,400, or over half the total, have been from Port Elizabeth.

Of even more concern, perhaps, is the stance taken by Chrysler, which since 1976 has been a minority partner in a new company, Sigma, formed by Chrysler and Anglo-American, a giant South African firm. By this act, Chrysler abdicated responsibility for the products made in its South African facilities while still providing an important means of access to US technology. It has shown no indication of desiring any voice in the management of the new company and it can be assumed that Anglo-American would cooperate with its own government authorities.

The head of Anglo-American, Harry Oppenheimer, is well-known internationally for his public insistence that there must be wage increases and other improvements for Africans in South Africa. Mr. Oppenheimer, however, has never indicated that he would like to see anything other than a system of modified white supremacy.

In a speech before the US Foreign Policy Association in 1977, he said, "It is one thing for a foreign country to press South Africa to rid itself of an unjust system of government based on racial discrimination: it is quite another thing to seek to impose a simplistic system based on majority rule and one man one vote as the only reasonable solution." 21

Increasingly, of late, Mr. Oppenheimer has emerged as the leading voice of "thoughtful" opposition to any foreign economic pressure on South Africa.
The US Companies’ Place Within the Motor Industry

The South African motor industry traditionally has been controlled by foreign firms among whom US companies have been dominant. The first assembly plant in South Africa was built by Ford in 1923, with GM following in 1926. Chrysler did not begin production until 1958.

As late as 1958, Ford and GM owned about 70% of total assets in the motor vehicle industry and accounted for the vast majority of vehicle sales in the country.

In 1977, by which time Japanese firms in particular had made big inroads into the market, Ford and GM’s position had been reduced, but together the two still accounted for more than 25% of auto sales and more than 25% of commercial sales. (See Table I.) Ford ranked number one in South Africa, with the Ford Cortina the country’s top-selling model. For the first six months of 1978, Ford slipped into second place just behind VW. Together GM and Ford had 25% of the auto market and about 28% of the commercial market.

The dominance of US firms has now been broken by Sigma, which has grown rapidly since the Chrysler/Anglo-American deal. In mid-1978, Sigma took over the South African operations of Peugeot-Citroen, with assets of S$35 million, and shortly afterward, British Leyland merged its operations into a Sigma subsidiary, taking a 50% interest in the division.

With these moves, Sigma became the largest motor manufacturer in South Africa, with assets of nearly S$230 million and as much as one-third of the auto market.

Looking at the broader context of overall US investment in South Africa, which was estimated by the US Commerce Department at S$1.8 billion in 1977, US auto firms account for close to one-fifth of all US investment in South Africa.

GM has reported publicly that its investments totalled about S$119 million at the end of 1977. Ford reported publicly in early 1978 that it had about S$127 million in investments with another S$8 million to be spent in 1978. Chrysler’s investment at the time of the Anglo-American deal was put at S$35 million by the company.

Employment and Working Conditions in US Auto Firms

The three US auto firms in South Africa employed well over 11,000 workers in mid-1978. (See Table II.) This compares with a total of about 35,000 for all motor vehicle manufacturers in December, 1976, a figure which was probably up to 40,000 by mid-1978. Of these more than 11,000 workers, about 3,000 are Africans, 3,500 are Coloureds, and 4,000 are Whites. There are a few workers of Asian (primarily Indian) background.

Out of these totals, Africans and Coloureds account for only a fraction of white-collar jobs. At best estimate, there were at most about 30 Africans in such jobs in 1978, or about 1% of total Africans employed, and about 100 Coloureds, or about 3.5%, of Coloureds employed. This compares with a figure of about 3,000 whites, or close to two-thirds of all white employees.

African workers are last hired, first fired. While GM had 653 African workers in August 1976, by January 1978, following a business downturn, that figure had decreased to

--- Financial Mail Jan. 20, 1978

| TABLE I |
|-----------|-----------------|-----------------|
| 1977 Car Sales | Total Sales | % of Market |
| Ford | 27,739 | 16.63 |
| VW | 24,960 | 14.97 |
| Datsun | 19,239 | 11.57 |
| Sigma | 18,549 | 11.12 |
| GM | 17,836 | 10.70 |
| Others with more than 2% but less than 10%: Toyota/Renault, Peugeot/Citroen, British Leyland, United Car, Fiat, BMW, Alfa Romeo | |  |
| Total | 166,766 | 100.00 |

| 1977 Commercial Sales | Total Sales | % of Market |
| Toyota | 18,943 | 21.04 |
| Datsun | 18,807 | 20.89 |
| Ford | 11,519 | 12.79 |
| Sigma | 10,212 | 11.34 |
| GM | 9,676 | 10.75 |
| Others with more than 3% but less than 10% of the total market: VW, Leyland, Peugeot/Citroen, United Car | |  |
| Total | 90,037 | 100.00 |
The breakdown is based on GM January 1978 employment figures in the General Motors Public Interest Report 1977-78. Total employment at that time was 3,657.

Ford figures are those reported to the Investor Responsibility Resource Center, and published in IRRC’s South Africa Review Service—Ford, November 9, 1978. Totals and breakdown are slightly at variance, presumably because they were computed at slightly different times. Also, Ford reported 11 Asian workers not included in this breakdown.

Chrysler figures are the author’s estimates, based on sources including The Star, May 13, 1978 (which provided total African and Coloured employment), IRRC figures for 1975, and old company reports. These estimates relate to the period before the Sigma 1978 takeover of Peugeot-Citroen and British Leyland, and thus reflect as nearly as possible the composition of the Chrysler workforce before the creation of Sigma.

375, a drop of more than 40%.

Wage patterns show that in the auto industry, as elsewhere, African workers are at the bottom of the scale. In 1976, average monthly wages for whites in the total transport manufacturing industry were $635. This compares with $193 for Coloureds and $152 for Africans.[24]

In April, 1978, the absolute poverty line in Pretoria was estimated at $163.30 a month.[25] This figure, called the Household Subsistence Level, (formerly the Poverty Datum Line), is calculated regularly by the University of Port Elizabeth. It provides for only the barest essentials of life for an African family of six, and makes no provision for such basic items as medical treatment or education, which is free for white children but not for Africans.

Sigma, whose Chrysler plant employing 1,300 Africans is right outside Pretoria, was paying its lowest level African workers just under $30 a week at the time of the April calculation.[26] This amounts to about $130 a month—well below the absolute poverty line. Chrysler has declined to give out recent information on wages and job categories, but judging from the past, most of Sigma/Chrysler’s African workers are in the lowest-skill jobs. Thus it seems likely that a substantial number of African employees of Sigma/Chrysler were working for poverty line or sub-poverty line wages in mid-1978.

The poverty line in Port Elizabeth in April, 1978, was calculated at $157.[27] According to data supplied by Ford to IRRC, which compiles company progress reports on the Sullivan principles, Ford’s entry level wage in June, 1978, was $200 and its average African wage was $233.[28]

(Ford figures for 1976 supplied to IRRC are substantially at variance with those for the same period supplied to the Senate Subcommittee on Africa in preparation for a report, US Corporate Interests in Africa, published in January, 1978. The figures supplied to the subcommittee indicated that more than 65% of Ford’s hourly African workers were earning poverty level wages. The company attributes the difference to a variety of factors, the most important of which, it says, is that the figures supplied to IRRC were prepared by its South African subsidiary, as opposed to the home office, and therefore can be assumed to be more accurate.)

For GM, the latest figures are for July, 1978. Based on testimony delivered before Congress by a GM official, 250 of GM’s 400 African hourly workers at that time were making between $211 and $214 a month, with none lower than $211.[29]

While these figures indicate that Ford and GM are paying above the poverty line, it must be remembered that the HSL is hardly a realistic figure. The researchers responsible for arriving at the HSL calculate that what they call the HEL—the Household Effective Level—requires a budget of 150% of the HSL. By this measure, in April, 1978, an African family of six in Port Elizabeth needed about $235 a month. The majority of Ford and GM African workers did not earn this amount.

In the past, the US auto firms in South Africa repeatedly have claimed that government laws prevent their doing more to train and promote black workers and require them to maintain segregated facilities.

These laws include the Factories Act of 1941, mandating separate facilities, and a variety of laws, including the Industrial Conciliation Act, which reserve certain jobs for whites and set limits on African employment.

In fact, however, whenever it has suited their purposes, the firms have found no problem in seeking dispensations from, or in ignoring, those laws. As one example of this, in response to a growing divestiture campaign and other pressures in the US, both Ford and GM already have integrated many eating facilities and GM announced in mid-1978 that it planned to spend $4.5 million on its training and on new, integrated facilities for its workers.

As for job reservation, then-GM vice-president A.A. Cunningham noted in testimony before the Senate Subcom-
said ciples as an indication of their commitment. Henry Ford
crease that number to 1,863.3”
this direction, noted in a statement following his return to
ations have been made since the agreement was signed in
labor. “In fact.” Mr. 
can be made informally based on shortages of necessary
Committee on African Affairs that under a 1968 agreement
between the auto manufacturers and the white trade
unions, certain jobs are reserved for whites but deviations
can be made informally based on shortages of necessary
"I think the Reverend Leon Sullivan had a better
These Principles have helped GM to focus more effec-
tively on the issues involved with improving the condi-
tions for non-whites in South Africa.” Viewed from the
US, however, the principles—which were cleared with 
the South African government and which did not even include
a pledge to permit black workers to organize until con-
considerable pressure prompted the addition of such a clause in 
mid-1978—appear primarily to be aimed at deflecting criti-
cism rather than producing change. (For further discussion
of the Sullivan principles, see “Too Little, Too Late.” by
Jennifer Davis. The Africa Fund, 1977.)
That the US companies’ efforts to improve conditions for
African workers have been perceived by Africans, at least
the past, as less than adequate is attested to by a confiden-
tial memo written by William Bowdler, then US Ambas-
sador to South Africa, in March, 1977. The memo, the
subject of which was “Black Attitudes Toward Foreign
Investment,” noted that an embassy officer recently had
visited Port Elizabeth and had held a confidential meeting
with members of an unnamed workers’ liaison committee
which, from the context, appears to have been located
either at Ford or GM.
According to Ambassador Bowdler, “Most of the
workers complained of inadequate training, job
reservation, lack of union status, arbitrary promotions,
abuse by SA foremen and job insecurity... Other com-
...
The world market is growing faster than the domestic market and for three generations Ford has outpaced GM abroad. As it strengthens itself overseas, Ford will become more of a competitor domestically.  

Finally, there is the matter of the lucrativeess of government sales. While the extent of the companies' business with the police and military can only be guessed at, the firms' overall government business is clearly significant.

In a letter to ICCR in connection with ICCR criticism of GM's government sales, GM chairman Murphy wrote: "It would be impossible to maintain a viable concern in South Africa, even as marginal as our business has been in recent years, without the small portion of government business which we do have."

Management magazine noted in a discussion of South African motor industry competition: "A factor which must only be whispered about is the strategic one. Some auto-makers are undoubtedly locked into South Africa because of lucrative defence contracts, which make it imperative to keep the auto business going and to maintain a public presence."

GENERAL MOTORS

"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, in announcing on March 3, 1978 that the UAW would withdraw union funds from banks and other financial institutions that participate in loans to South Africa.

History, Size and Reasons for Investment

General Motors has been a major industrial power in South Africa for many years. At the time of a 1975 survey by the Financial Mail, GM ranked 17th in total assets and sales of all companies in South Africa and 34th in terms of employment.

Currently, it has an auto assembly plant and an auto manufacturing plant in Port Elizabeth and an engine manufacturing plant and a locomotive plant in a nearby suburb. It produces several GM models including the Nomad, a utility vehicle; Bedford and Chevy trucks; buses; auto parts such as radiators and spark plugs; and locomotives. It also produces trucks from the line of the Isuzu company of Japan, in which GM holds a 35% interest. It was reported in mid-1978 that GM's plans called for establishment of a separate bus and truck facility but a company spokesman in Detroit said there are no plans for new facilities.

In 1977, according to testimony presented to Congress by John Holmes, a GM official, the company had sales of about $185 million; $150 million in vehicles and the rest in locomotives, earth-moving equipment and diesel engines.

Mr. Holmes also reported that GM's total investment in South Africa was about $119 million at the end of 1977, or about 7% of all US investment in South Africa. Subsequently, the company announced plans to spend an additional $4.5 million on training and on integrated facilities.

IRRC, in a report based on company information, estimated the value of GM's assets in South Africa at $220 million.
million in 1976. Investment refers to actual outlays, e.g., money for new machinery. Assets—plants, machinery, etc.—tend to increase in value over the years.  

As one indication of GM’s impact on the local South African economy, in 1972 it was buying local components and services worth $35 million from 500 local suppliers. Mr. Holmes told the congressional committees, in opposing curbs on investment in South Africa, that GM South African purchases about $26 million worth of items a year from the US, accounting for 1,200 jobs.  

While GM remains a major factor in the motor industry in South Africa, in recent years both its relative position in the market and its profitability have seriously declined. In 1977, its share of the auto market was 10.7%, compared with 17.8% in 1969.  

The company itself reported in its Public Interest Report 1977-78 that its operations have been “approximately break-even” over the past five years. And in response to a 1977 stockholder resolution regarding its South African operations, GM said that it “has no present need for and has no intention of further expanding its productive capacity in South Africa.” It cited changes in apartheid as “the single most important factor in the creation of a more promising investment climate.”  

In mid-1978, GM moved to improve its position in the South African market by introducing a complete new range of passenger cars. Lon Wilking, GM’s managing director, described this move as intended to “bring back the good times for South African motorists and for GMSA and its dealers to take a more significant bite of the total car market.”  

Wilking also took the occasion to deny again that GM had any intention of leaving South Africa. Previously, GM had said that its decision to remain rests on its judgment that continued operation in South Africa is a prudent economic investment as well as the knowledge that, by its presence, the Corporation has been able to eliminate or mitigate many discriminatory practices normally associated with employment of Colored or Africans in South Africa.”  

Ties to and Attitude Toward the South African Government  
In the past, GM has insisted that it had no official knowledge of the final users of vehicles it sold to the South African government. In a letter to ICCR, chairman Murphy said, “General Motors does not sell directly to any military, para-military or police force in South Africa. However, General Motors, as do most other vehicle manufacturers in South Africa, sells commercial-type vehicles to the South African government, producing direct sales that do not violate Commerce regulations.”  

Apparently GM did have at least some indication of its military sales. As previously noted, in 1973 it told IRRC that it had been selling about 1,500 units annually to the police and military. It told Presbyterian church officials it planned to continue sales that did not violate Commerce regulations.  

It is known that the company provides police and transport vehicles for the Department of Prisons, among others. According to the banned South African Congress of Trade Unions, for more than 15 years GM has “had a huge contract to supply Bedford trucks to the South African Defence Force. These trucks are the main means of transport for the army.”  

The secret GM memos written in 1977 give a further indication of the size and importance of government, and particularly, defense sales. One of the memos states: “GM South African has, for example, been requested to supply vehicles such as the K25, K31, 4x4 LUV (various types of trucks—ed.) for Defense Force purposes and refusal to offer such might be interpreted as reflecting doubt on the motives of the Company. Such interpretation or a variation thereof could lead to direct loss of other government business and seriously affect GM South Africa’s share of the vehicle market and very likely threaten its viability.”  

The two secret GM memos, one written on May 6, 1977, by W. C. Mott, then managing director of GMSA, and the other on July 26, 1977, by L. H. Wilking, the new managing director, both addressed to D. Martin, regional director for Africa in the US, contain much additional information shedding light on GM’s attitude toward cooperation with South African authorities. Both memos were hand delivered from South Africa to Detroit to preserve their secrecy.  

In the introductory section of the May memo, GMSA notes that its Port Elizabeth operation has been designated as a National Key Point, meaning that in an emergency it would be guarded by a citizen commando force.  

Noting that all white South African males up to age 65 are liable for military reserve service, the memo suggests that white personnel be encouraged to join local units. “It is envisaged, for example, that plant personnel could be engaged in a composite function, i.e., part normal work and part guard duty in such situation,” the memo states.  

Under related assumptions, the memo adds, “It is assumed that almost 100% of White Employment at GMSA would not be party to creating or stimulating civil unrest and that the population groups would be African or Coloured.” It concludes the Assumptions section by assuring the US parent that Africans in South Africa are unlikely to sustain their struggle for any length of time because they traditionally “lack purpose.”  

The memos further reveal that up to and including a time when GM plants would be guarded by military personnel and plant production dictated by the government, production would continue. Only in the event of an actual effort by the Ministry of Defense to take over total control of the plant would GM feel it necessary to examine the situation. In a full emergency, the memos state, “... it would be fair to assume that... the major elements of this industry would be taken over by an arm of the Ministry of Defence... which would completely regulate output and coordinate it within the entire industrial effort.”
Publicly, GM's parent in the US has defended the plans as intended only to preserve life and property. In a letter to George Houser, executive director of the American Committee on Africa, GM chairman Murphy explained that "To the extent that cooperation with the government is considered in our contingency plan, it is for purposes of aiding in controlling local civil unrest or riot." Murphy went on to say, "It is apparent to us that manufacturing plants involved in such basic industries as petroleum production and refining, mining primary metals, transportation, machinery—industries which generate the livelihood of any economy—also assume equally strategic importance in time of emergency. Any of our plants can be converted to war production as clearly demonstrated in the United States in 1941."

In a later letter to ICCR, Mr. Murphy said that the conversion process would take one to two years. "As a further example of GM's attitude toward the government of South Africa, in 1976, the 241 Chevrolet dealers in South Africa decided to run a campaign to raise money for holiday facilities for army personnel "returned from border duty" (i.e. Namibia, Angola, Rhodesia—ed.) and to otherwise assist army personnel and their families. An ad run in conjunction with the campaign said, "They are our South African soldiers...Nation-wide, Chevrolet Dealers believe we can never do enough for them."

In response to criticism of the ad, a GM spokesman maintained in a letter to the Interfaith Center on Corporate Responsibility that GM had played no role in the dealers' actions. The official added, however, that GM believed that the dealer organization felt it was acting "in a socially responsible way by trying to contribute to the betterment of needy families of army personnel." US and South African GM units refused in any way to censure the dealers for running the ad or to demand that they pledge no further similar actions.

**Work Force, Wages and Working Conditions**

For many years GM hired almost no black workers at all, citing government quotas and job reservation agreements with white unions. In recent years, however, it has sought and obtained permission to increase its African workforce significantly, and, as noted earlier, it has stated publicly that many changes have been made in job reservation agreements. Such increases suggest that the hiring and promotion of Africans by GM was possible earlier, but that the company found the various restrictions an easy excuse for inaction. When GM did use its power, restrictions were lifted.

Even then, however, GM has not hired or promoted Africans to any significant degree. In January 1973, GM's African employees totalled 37.5 out of 3,675, or about 10% of total employment. Out of this, only four Africans were employed at salaried jobs (compared with three in 1970: an industrial nurse, a printing clerk, a personnel officer and a computer operator). Considering GM's professed devotion to the Sullivan principles, this figure—four salaried Africans out of more than 3,000 employees—is quite remarkable.

Moreover, GM has slashed its African workforce when it found it economically expedient to do so. Between August 1976 and the end of 1977, a period of recession, the company's African employment dropped by more than 40%, which is to say that two out of every five African workers were laid off. (See Table III) By comparison, GM laid off 30% of its Coloured workforce and only 14% of its White work force. The company, while avoiding specific comparisons, attributed the uneven nature of its layoffs to seniority.

Since almost all of GM's African and Coloured workers are members of the hourly wage force, it is useful to look at the wage pattern in that area. As of July 1976, 250 of 400 GM hourly workers then employed were at the bottom four hourly levels. They earned between $211 and $214 a month, based on a 45-hour week. (See Table IV)
TABLE III: GENERAL MOTORS EMPLOYMENT 1976 and 1978

<table>
<thead>
<tr>
<th></th>
<th>August 1976</th>
<th>December 1977/Jan 1978</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>African</td>
<td>633</td>
<td>375</td>
<td>-41%</td>
</tr>
<tr>
<td>Coloured</td>
<td>2,012</td>
<td>1,381</td>
<td>-31%</td>
</tr>
<tr>
<td>White</td>
<td>2,208</td>
<td>1,901</td>
<td>-14%</td>
</tr>
<tr>
<td>Total</td>
<td>4,853</td>
<td>3,657</td>
<td>-25%</td>
</tr>
</tbody>
</table>


TABLE IV: GM HOURLY WORKERS BY RACE AND GRADE (July 1978)

<table>
<thead>
<tr>
<th>Work Grade</th>
<th>Number</th>
<th>Av. hourly wage</th>
<th>Number</th>
<th>Av. hourly wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>lowest — 1</td>
<td></td>
<td>0</td>
<td>74</td>
<td>$1.04</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>0</td>
<td>55</td>
<td>1.05</td>
</tr>
<tr>
<td>3</td>
<td>0</td>
<td>0</td>
<td>16</td>
<td>1.08</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>$1.18</td>
<td>105</td>
<td>1.12</td>
</tr>
<tr>
<td>5</td>
<td>8</td>
<td>1.29</td>
<td>34</td>
<td>1.17</td>
</tr>
<tr>
<td>6</td>
<td>11</td>
<td>1.54</td>
<td>53</td>
<td>1.25</td>
</tr>
<tr>
<td>7</td>
<td>11</td>
<td>1.43</td>
<td>12</td>
<td>1.39</td>
</tr>
<tr>
<td>8</td>
<td>26</td>
<td>1.69</td>
<td>22</td>
<td>1.51</td>
</tr>
<tr>
<td>9</td>
<td>65</td>
<td>1.87</td>
<td>19</td>
<td>1.63</td>
</tr>
<tr>
<td>10</td>
<td>182</td>
<td>2.27</td>
<td>8</td>
<td>1.94</td>
</tr>
<tr>
<td>11</td>
<td>326</td>
<td>3.22</td>
<td>2</td>
<td>2.73</td>
</tr>
<tr>
<td>highest — 12</td>
<td>137</td>
<td>3.47</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

N.B. According to the company, wage differences between white and black workers in the same work grade reflect seniority in that grade.


While 60% of white hourly workers made $3 an hour or more, over 90% of African workers made $1.51 an hour or less.

A look at employment distribution also shows some interesting facts about African “upgrading” efforts. In October, 1972, of 1,073 whites employed hourly, none was in the top grade category and only 92 were in grade II. In July 1978, about 60% of the total 771 white hourly employees were in the top two grades. (See table V)

Meanwhile, the distribution of African workers also had changed. In October 1972, of 551 African hourly workers, well over 50% were in grades one and two. In July 1978, of 400 employed, only 32% were in these two grades. “Upgrading” had occurred.

However, the upgrading did not benefit Africans nearly as much financially as it did whites. For what appears to have happened is that all employees were pushed up a grade or two into higher paying categories. And while a jump from grade 11 to grade 12 for a white meant 25 cents more hour more in average wages based on July 1978 figures, an African moving all the way from grade one to grade six—a jump from entry level to a semi-skilled job—made only 21 cents more an hour.

General Motors has not at this point recognized an African union. It says, however, that it will do so if it can be shown that 50% of African employees want such a union.

In a letter to William Winpisinger, president of the International Association of Machinists and Aerospace
Workers, Robert McCabe, a GM official, said that almost 30% of African workers now have chosen representation by the union and that GM is making payroll deductions for each. However, there are still questions as to just what powers such a union would have. (See Ford on this issue)

In its 1977-78 Public Interest report GM states: "All signs restricting access to GMSA plant and office facilities on the basis of race have been removed, and all working areas are open to all employees." It adds, "Eating areas are non-segregated, with the exception of one facility now used by hourly non-white employees."

Fortune magazine, in a June 1978 article which was very positive toward US investment in South Africa, had this to say about the GM plant: "In line with the Sullivan code, GM duly removed the offending written signs from the lavatory doors in its Port Elizabeth plant, only to replace them with color-keyed doors: blue for whites and Chinese (the latter considered honorary whites for lavatory purposes), orange for black and coloreds. Far from 'lessening the insult,' as one GM official in Detroit tried to explain to Fortune, it infuriated a number of black trade unionists. For it seemed to confirm their worst suspicions that GM was using the code as mere window dressing. 'Who do they think we are?' fumed one black steward. The fact that black hourly workers at GM eat in a segregated cafeteria, while white hourly workers are allowed to use the cafeteria for salaried employees (pending the planned construction of a new, integrated facility), has built up further resentment, which threatens to obscure GM's good record in training and upgrading black employees."

GM announced in August, 1978, that it would spend $4.5 million to upgrade and integrate dining and other facilities and to provide additional training facilities.

The GM secret contingency plan gives evidence of how GM intends to cooperate with South African military forces in the event of "civil unrest."

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**TABLE V: GM HOURLY WORKERS BY GRADE DISTRIBUTION AND RACE 1972 and 1978**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>lowest — 1</td>
<td>—</td>
<td>0</td>
<td>196</td>
<td>74</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>0</td>
<td>98</td>
<td>55</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>0</td>
<td>110</td>
<td>16</td>
</tr>
<tr>
<td>4</td>
<td>32</td>
<td>0</td>
<td>99</td>
<td>105</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>8</td>
<td>24</td>
<td>34</td>
</tr>
<tr>
<td>6</td>
<td>35</td>
<td>11</td>
<td>5</td>
<td>53</td>
</tr>
<tr>
<td>7</td>
<td>50</td>
<td>11</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>8</td>
<td>139</td>
<td>26</td>
<td>5</td>
<td>22</td>
</tr>
<tr>
<td>9</td>
<td>268</td>
<td>65</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>10</td>
<td>446</td>
<td>182</td>
<td>—</td>
<td>8</td>
</tr>
<tr>
<td>11</td>
<td>92</td>
<td>326</td>
<td>—</td>
<td>2</td>
</tr>
<tr>
<td>highest — 12</td>
<td></td>
<td>137</td>
<td></td>
<td>400</td>
</tr>
<tr>
<td>Totals</td>
<td>1,072</td>
<td>771</td>
<td>551</td>
<td>400</td>
</tr>
</tbody>
</table>

FORD

"For us we think our fight is the same as the fight of our South African brothers, the same as Ford workers all over the world, and the same as workers in general. We're after the same thing: freedom from an oppressive system."
—Lincoln Williams, Ford worker, Mahwah, N.J., plant (US Guardian May 24, 1978)

"Gentlemen, (the foreman) says we must remember, when Mr. Ford walks in, that we are South African monkeys, not American monkeys. South African monkeys are much better trained."
—Styles, in the play "Sizwe Bansi is Dead"

History, Size and Reasons for Investment
Ford Motor Company of South Africa is a subsidiary of Ford of Canada, which in turn is 88.5% owned by Ford of the US. (Canadian groups repeatedly have attacked Ford for using its Canadian subsidiary as a conduit for South African investment while all decisions regarding South Africa are made in Detroit.)

Ford began distribution and retail operations in South Africa in 1905, and it built the country's first auto assembly plant in 1923. Operations in Port Elizabeth include an engine and car assembly plant; a car and van assembly plant; and a truck assembly plant. Ford also produces tractors. Car models generally are the same as those produced by Ford of Great Britain. Ford dealers in South Africa sell Lamborghini and Lotus cars in addition to Ford models.

As of early 1978, Ford was the biggest US employer in South Africa. In June 1978, Ford reported it employed 5,370 people.

In a 1976 report to the Senate Subcommittee on African Affairs, Ford said its South African sales amounted to about 1% of worldwide sales. Based on a $28.8 billion worldwide figure for 1976, Ford's South African sales for that year amounted to about $280 million. In 1977, Ford had about 17% of the South African car market and was number one in car sales. It also boasted the top-selling car model. Previously, Ford had said in a company report that if its South African subsidiary were a US firm, the subsidiary's 1971 sales of $166 million would have qualified it as the 526th largest company in the US.

Although Ford's market share has been fairly steady over the past several years, in contrast to GM's, Ford has been hurt substantially, as have other companies, by reduced demand.

Henry Ford reported at the time of his visit to South Africa in January, 1978, that the company had lost $8 million in 1977, and that it had made only "negligible" profits for four years including 1977.

In 1976 Ford reported that after-tax return on its sales in South Africa over the past seven years had been one-tenth of one percent, compared with 3.5% worldwide.

This poor performance, however, has not dampened Ford's expectations of future growth. Henry Ford said at the time of his 1978 visit that Ford had about $127 million invested in South Africa, with plans calling for an additional $8 million to be invested in 1978. A 1977 report by IRRC, based on company figures, valued Ford assets in South Africa at $254 million, but a Ford official gave a figure of $167 million in 1978.

The stir caused by Mr. Ford's announcement of the $8 million 1978 investment gives some indication of how sensitive the company is to world opinion. A Ford official in Port Elizabeth, asked to elaborate on how the $8 million would be spent, cited production and containerization facilities. This information was picked up and reported widely as representing a significant Ford expansion. In South Africa, then experiencing a critical drop in much-needed foreign capital as a result of both an economic downturn and the political events in Soweto and elsewhere, Ford's announcement was seized on by both the government and the press, which hailed it as a clear indication that US businesses continued to have faith in South Africa.

Following his return to the US, Henry Ford issued a lengthy denial of expansion plans and indeed, his original remarks make clear that the $8 million was not considered an expansion. Mr. Ford maintained that, instead, the $8 million would go for necessary upkeep and tooling only, and for a needed headquarters building. Any reference to political issues, however, was carefully avoided: Mr. Ford said the company had no need to consider expansion because it was operating at only 60% capacity.

One interesting further point about the $8 million is Ford Company's own admission that, because of Ford's poor performance in South Africa, the improvements could not be financed out of local earnings. That means yet another infusion of outside capital, much to the satisfaction of the South African government.

Ford's Ties to and Attitude Toward the South African Government
Ford's traditional attitude toward the apartheid system has been one of quiet acceptance and cooperation, as evidenced in the remark by Ford executives in 1970 that "We had no Bantu at all until recently in cooperation with the government policy of no mixing of the races."

The South African government, for its own part, has demonstrated that it is more than willing to retaliate against companies which don't play by its rules. In the mid-1960s, Ford bid on a contract to supply four-wheel drive vehicles to the government. But the Canadian government refused to issue an export permit to Ford's Canadian subsidiary, which was to supply the vehicles, on the grounds that the items might violate a then non-mandatory UN
The South African government refused to allow Ford to bid on contracts for the next two years. Since then, it appears, Ford has regained its position as a major government supplier. In 1973, Ford reported that sales to the South African government, including the police and military, amounted to about 1% of total sales over the preceding decade. Based on estimates of sales during that period, the 1% would equal up to $2 million annually. With the addition of indirect sales, e.g., those made by a central purchasing office, these figures could be much larger.

As previously noted, Ford told ICCR that between 1973 and 1977 it sold 126 cars and 683 trucks directly to the South African Ministry of Defense and 646 cars and 1,473 trucks to the South African police. Later that year, Ford told IRRC that the new commerce regulations forbidding direct sales of items made in the US or containing US-made parts to the military or police had had only a marginal effect on sales.

In addition to assisting South Africa by supplying capital, technology, and needed equipment, Ford has given the economy a further boost through a contract under which it was to purchase an estimated $160 million worth of platinum from South Africa's Rustenburg mine between 1975 and 1977. The platinum was to go into catalytic converters for all Fords made in the US and Canada.

Work Force, Wages and Working Conditions

It is only in the past few years that Ford has begun to hire Africans in any significant numbers in its South African operations. In 1962, Ford had only 40 African employees, and as late as 1973 the company was still recruiting specifically for white artisans in England.

In response to queries about its activities in South Africa, Ford routinely maintained during these years that its policies were dictated by South African government regulations, not by the company's own wishes. Henry Ford described these regulations in a statement on his return from a trip to South Africa in January, 1978, as including the Environmental Planning Act of 1968, which limited the company to employing 165 black workers, the number employed in that year; and Work Reservation Determination No. 16, which mandated that not less than 45% of all employees be white and that all welding, supervisory and control work be reserved for whites.

As Henry Ford himself pointed out, however, in his statement and in a previous press conference in South Africa, the company managed to bring about substantial alterations in these rules when it chose to do so. Ford said that since 1968, the company had obtained approval to increase its African workforce to 1,863. As of 1978, he said, it could employ 75% Africans, Coloureds or Asians in the total hourly workforce, and 32% in supervisory and control work, plus 46 African, Coloured or Asian welders. He also noted that for the first time, there were no Africans in the top category-managers and officials. There were three African professionals of 131; seven African supervisors out of 294; four African artisans out of 260; one African technician out of 149; and 24 Afri-
TABLE VI: FORD EMPLOYEES BY RACE AND JOB CATEGORY 1972 and 1978

<table>
<thead>
<tr>
<th>Job Category</th>
<th>1972</th>
<th>1978</th>
</tr>
</thead>
<tbody>
<tr>
<td>lowest — 1</td>
<td>191</td>
<td>312</td>
</tr>
<tr>
<td>2</td>
<td>10</td>
<td>—</td>
</tr>
<tr>
<td>3</td>
<td>133</td>
<td>294</td>
</tr>
<tr>
<td>4</td>
<td>23</td>
<td>473</td>
</tr>
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<td>5</td>
<td>6</td>
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</tr>
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<td>6</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>4</td>
<td>69</td>
</tr>
<tr>
<td>9</td>
<td>12</td>
<td>289</td>
</tr>
<tr>
<td>10</td>
<td>—</td>
<td>470</td>
</tr>
<tr>
<td>11</td>
<td>—</td>
<td>116</td>
</tr>
<tr>
<td>12</td>
<td>no category in 1972</td>
<td>—</td>
</tr>
</tbody>
</table>

HOURLY WORKERS

| 1-4          | 1    | 165  |
| 5-8          | —    | 881  |
| 9-16         | —    | 225  |

SALARIED WORKERS

| Total        | 386  | 2310 | 2720 | 1278 | 2004 | 2083 |

N.B. The small number of Asians is included in with Coloureds in company reporting on hourly employees. Small discrepancies between breakdowns and totals presumably are attributable to records being compiled on different dates.

—South Africa Review—Ford, IRRC, November 9, 1978

...
union shop stewards are permitted to represent workers. What all these arrangements amount to is that true power has in no way passed to a black union at Ford, at least as of late 1978.

One other gesture by Ford toward its black workers which gained considerable attention in the US was its announcement in early 1978 that it would give $575,000 over five years to the Urban Foundation. This foundation was set up by white business leaders after the Soweto uprisings, ostensibly to improve the lot of blacks. The Foundation has been completely rejected, however, both by the Black Peoples Convention and by the banned South African Congress of Trade Unions. Both groups describe the Foundation as designed to placate a small number of blacks, thus helping to perpetuate the current system. Even The Star, a moderate white newspaper in South Africa, has described the foundation as "designed to help keep the country stable so that businessmen can preserve and extend their businesses."

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**TABLE VII: HIGHER LEVEL AFRICAN AND WHITE WORKERS OF FORD 1976 and 1978**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>0%</td>
<td>0%</td>
<td>235%</td>
<td>281%</td>
</tr>
<tr>
<td>Professionals</td>
<td>2.2%</td>
<td>2.3%</td>
<td>128%</td>
<td>123%</td>
</tr>
<tr>
<td>Supervisors</td>
<td>1.9%</td>
<td>1.5%</td>
<td>326%</td>
<td>251%</td>
</tr>
<tr>
<td>Artisans</td>
<td>0.8%</td>
<td>0.67%</td>
<td>237%</td>
<td>239%</td>
</tr>
<tr>
<td>Technicians</td>
<td>0.8%</td>
<td>1.0%</td>
<td>126%</td>
<td>139%</td>
</tr>
<tr>
<td>Clericals</td>
<td>2.9%</td>
<td>4.6%</td>
<td>301%</td>
<td>311%</td>
</tr>
<tr>
<td>Management Trainees</td>
<td>8.8%</td>
<td>23.7%</td>
<td>26%</td>
<td>76.5%</td>
</tr>
</tbody>
</table>

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**TABLE VIII: FORD EMPLOYEES IN TRAINING 1976 and 1978**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator</td>
<td>7</td>
<td>261</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Clerical</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Technician</td>
<td>-</td>
<td>3</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Artisan</td>
<td>11</td>
<td>21</td>
<td>55</td>
<td>51</td>
</tr>
<tr>
<td>Sales</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Professional</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Managerial</td>
<td>3</td>
<td>14</td>
<td>26</td>
<td>23</td>
</tr>
<tr>
<td>Safety</td>
<td>211</td>
<td>215</td>
<td>230</td>
<td>237</td>
</tr>
<tr>
<td>Literacy</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Other*</td>
<td>5</td>
<td>n/a</td>
<td>135</td>
<td>n/a</td>
</tr>
</tbody>
</table>

* two-day personnel development course and a five-hour report writing course.

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**CHRYSLER**

"Chrysler products are still on South Africa's roads. The only difference is that they're now made by Sigma."

---

**Financial Mail April 21, 1978**

Size, History and Reasons for Investment

Chrysler was a latecomer to South Africa compared with GM and Ford. It began operations in 1958 outside Cape Town, but closed that plant after building a larger facility near Pretoria in 1967 which is capable of assembling 24,500 cars and 6,000 light trucks a year. It also produced air conditioners, and trucks of the Mitsubishi firm, in which Chrysler has a 15% holding.

In 1976, after trying to sell its entire South African operation, Chrysler joined with Illings, a subsidiary of Anglo-American of South Africa, to form a new company, Sigma. The move was doubtless prompted mainly by Chrysler's poor performance both within South Africa and worldwide (The company estimated that it would lose $120 million in 1978). By the company's own admission, public pressure for change in its South African operations was also a factor.

Chrysler's assets included plant and equipment valued at at least $45 million. In addition, it offered a means of obtaining the latest US technology and a foothold in the South African market.

These were more than enough to interest Anglo-American, a large conglomerate headed by Harry Oppenheimer. In return for forming the new company with Illings, which already produced Mack trucks and Mazda cars under license, Chrysler received 25% of the shares in the new Sigma venture, which was established with assets of more than $100 million. According to news reports, Chrysler also received three seats on the Sigma board and a promised 35% of profits.

Chrysler, as a minority partner, obtained other important benefits as well: it was able to disclaim any technical responsibility for conditions at Sigma, to remove the public spotlight from its South African operations, and to ward off calls for divestment. Its capital could stay in South Africa, accruing profits to the parent company, but the parent could avoid all responsibility for its use.

Chrysler, since the merger, has declined to give out any information on its South African operation. In response to a request for such information from the Senate Subcommittee on Africa, it maintained that its holdings were too small.
to be of concern. It ignored a request in connection with this report.

The new Sigma, equipped with Chrysler know-how and Anglo money, soon proved itself a force to be reckoned with. After increasing its share of the auto market to 14% by early 1978, it began casting about for additional companies to buy. As noted previously, within a few months it acquired the right to produce the Peugeot-Citroen lines and a controlling interest in British Leyland, as a result of which it held just under 30% of the auto market and nearly 25% of the commercial vehicle market, thus making it the largest motor company in South Africa. To help sell all these vehicles, Sigma has the services of the McCarthy group dealership, in which Anglo-American also has a 33% stake.

Ties to and Attitude Toward the Government

Sigma can be expected to increase the level of cooperation with the government previously established by Chrysler, which reported in March 1974 that its government sales were less than one-half of one percent of total sales of commercial vehicles. To cite one example, British Leyland was among companies talking with Pretoria officials in mid-1978 about building a plant capable of producing diesel engines for heavy vehicles and machinery. In fact, of all the aspects of the Chrysler deal with Anglo-American, the most objectionable is that Chrysler has abdicated responsibility for its plant by selling out to a South African firm.

Work Force, Wages and Working Conditions

Chrysler traditionally has had a reputation for paying poorly and trying to thwart organizing efforts. During the time its operations were located in Cape Town, it was criticized by both whites and non-whites for discriminatory and arbitrary practices. Following its move to Pretoria, a white trade union official was quoted in 1975 as charging that Chrysler and other foreign-owned motor firms in the Transvaal were trying to keep wage levels below those in Port Elizabeth.

Following the Sigma merger, there was a strike at the Pretoria plant in May, 1978, involving most of the plant's 1,350 African and 100 Coloured workers, according to new accounts. At that time, the company reported that average black pay was 75 cents an hour with a minimum of 58 cents. The minimum in Port Elizabeth at that time was 78 cents. In other words, Sigma was paying a minimum equal to 79% of the Port Elizabeth minimum. Chris Griffiths, the managing director, was quoted as saying that the lowest paid worker earned just under $30 a week, well below the absolute poverty line of $163.30.

With regard to training and advancement of blacks, the latest figures available are for 1973. At that time, Chrysler said in a report on its South African operations that it employed 1,632 Africans, 173 Coloureds and 254 whites in hourly positions. All but two Africans and two Coloureds were in the lowest seven of 10 job categories while all but 14 whites were in the top three. The company reported that there were five blacks among its 650 salaried employees.

As for unions, The Star reported at the time of the 1978 Pretoria strike that Sigma declined to recognize a black union at the plant because it estimated potential membership at less than 200. Mr. Griffiths was quoted elsewhere as saying the company didn't oppose a union, but the unrecognized black union maintained that it was not even permitted to have a member on the employee-management liaison committee, contrary to company claims.
US auto firms' activities in South Africa have been the subject of protests for many years. To cite only a few among a vast and varied number of such actions, as far back as 1971, groups of Catholic and Protestant institutional stockholders have been introducing resolutions at annual meetings dealing with South Africa. Acting through what is now known as the Interfaith Center on Corporate Responsibility, these groups have called on the companies to give an accounting of their activities in South Africa, to halt expansion, to cease sales to the police and military, and to withdraw from the country.

At the GM annual meeting in May, 1978, Timothy Smith, executive director of ICCR, accused GM of engaging in “calculated doublespeak” and described the company as “a partner in apartheid, a friend of discrimination, and not a force for peaceful change.”

In 1977, a new round of campus opposition to apartheid began when Stanford University students held a sit-in to demand that the university vote its shares of Ford stock in favor of a withdrawal resolution. Nearly 300 students were arrested in that May 9 event.

Subsequently, groups at many universities have demanded that their institutions divest themselves of stock in GM, Ford, Chrysler and other companies which do business in South Africa. Such divestments have been approved in Massachusetts and several other states.

Other groups also have become involved. The United Auto Workers announced in early 1978 that it would withdraw funds from any banks making loans to South Africa. Both the AFL-CIO and the NAACP came out in favor of withdrawal.

Following a January, 1978 report of the Senate Subcommittee on African Affairs which concluded that “the net effect of American investment has been to strengthen the economic and military self-sufficiency of South Africa’s apartheid regime,” several bills seeking to end or limit investment were introduced in Congress. This legislation was opposed by both Ford and GM.
FOOTNOTES: THE MOTOR INDUSTRY IN SOUTH AFRICA

1. Hansard, June 2, 1977
2. Financial Mail, July 29, 1977
3. Financial Mail, April 15, 1977
4. Management, October 1977
5. Ibid.
6. South African Digest, March 14, 1975
7. Financial Mail, Special Supplement March 26, 1976
11. Letter of Sidney Kelly, Ford Co. Secretary, February 13, 1978
13. Ibid.
16. Financial Mail, November 13, 1977
20. To the Point, October 31, 1977.
22. Financial Mail, July 14, 1978
23. Financial Mail Special Supplement March 13, 1970
30. Financial Mail, May 19, 1978
31. Financial Mail, May 12, 1978
32. Financial Mail, May 19, 1978
33. South Africa Review Service—Ford, IRRC, November 9, 1978
34. Testimony of John Holmes, op. cit.
35. Testimony of A.A. Cunningham, GM Vice President, before the Senate Subcommittee on African Affairs, September 22, 1978.
37. Transcript of press conference held January 19, 1978
38. Southern Africa, April 1978
40. Financial Mail, January 20, 1978
41. Financial Times, January 18, 1978
42. The Economist, July 8, 1978
43. Management, October, 1977
44. Ibid.
47. Letter of Thomas Murphy to ICCR, September 21, 1978
48. Management, October, 1977

FOOTNOTES GENERAL MOTORS

1. Testimony of A.A. Cunningham, GM Vice President, before Senate Subcommittee on African Affairs, September 22, 1978
2. South African Digest, September 1, 1978
6. South African Digest, December 8, 1972, quoted in White Wealth and Black Poverty, by Barbara Rogers, p. 128
7. Financial Mail, January 20, 1978
11. Letter of Thomas Murphy to Interfaith Center on Corporate Responsibility, January 20, 1978
12. Workers Unity, South African Congress of Trade Unions, January 1978
13. Letter of Thomas Murphy to George Houser, American Committee on Africa, July 14, 1978
14. Letter of Thomas Murphy to ICCR, September 21, 1978
15. Letter of Thomas Pond to ICCR, August 31, 1978

FOOTNOTES FORD

2. Financial Mail, January 20, 1978
3. Ford and Public Concerns, Ford Co. 1973
7. Ford In South Africa, T. Hultman, R. Kramer and T. Smith, Corporate Information Center, 1973
8. Ford and Public Concerns, Ford Co. 1973
10. Letter of Thomas Murphy to Interfaith Center on Corporate Responsibility, February 13, 1978
11. South African Digest, July 14, 1972
15. The Star, December 31, 1977

FOOTNOTES CHRYSLER

1. The Star, October 18, 1975
2. Financial Mail, May 12, 1978

18
APARTHEID
SEPARATE AND UNEQUAL

The apartheid political system decrees that blacks have no rights except in the reservations set aside for them by the white government. These areas, known as "Bantustans," comprise but 13% of the land. Africans are defined as "temporary sojourners," in the "white" urban areas. Thus, by definition, they are deprived of all political and economic rights in 87% of their country.

South Africa is a police state denying basic human rights and freedoms to most of its people. African men and women must carry passes; they may live or work only where the stamp in their passbooks — put there by a white official — decrees. In fact, one half million people are arrested and jailed each year for infringement of the pass regulations. There are about one million migratory laborers in South Africa, men who are forced to leave their families behind in the Bantustans to live in prison-like, single-sex compounds, often 16 to a room. Whites vote and make laws in Parliament: blacks cannot.

Those accused of participating in "illegal political activities" are detained without trial and, often, tortured.

THE UNITED STATES ROLE

This is a brutal picture, but true. It is also true that the United States helps to maintain this system of apartheid. United States corporate investment in South Africa has grown dramatically from $286 million in 1960 to over $1.5 billion today.

US investment and trade has played a critical role in developing manufacturing in South Africa. US involvement provides not only much of the capital for development of key industries, but also the licenses, technology and personnel, which, in many cases, are even more important than the capital itself. With the approval of the US government, weapons-grade uranium, aircraft and electronics technology have gone to South Africa to assist the military build-up against the majority of its people.

Some argue that economic growth and industrialization will automatically bring in their wake an improved life for black people. But time has made a mockery of this belief. After years of industrialization, Soweto and the other black townships near major industrial areas remain desperately poor shanty-towns. In fact, the gap between white and black is growing.