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DIVESTMENT IS NOT JUST SYMBOLIC

by Suzanne Meehan

The following is a summary of a presentation made by Gay Seidman, a Ph.D. candidate at UC Berkeley, at the Anti-Apartheid Convocation on the Berkeley campus on April 23, 1985.

The State of the South African Economy--South Africa is presently experiencing a deep recession as a direct result of the racist institution of apartheid, and a decline in foreign investment. Apartheid is expensive not only because of the administrative costs of enforcing the segregation of the population--pass laws, forced removals, the maintenance of an enormous police and military presence--but also because it has led the South African government to pursue a war in Namibia and Angola, which is currently costing it over \$1 million daily.

Foreign investment, on which South Africa depends heavily for its economic growth, has also been curtailed, partially because investments in South Africa are now considered to be at high risk. One measure of investment risk is the distribution of income in an economy. In South Africa in 1977, whites who constitute about 17% of the South African population earned 64% of the total income; blacks, who were about 75% of the population, earned only 26% of the total income. Such skewing of income distribution is both cause and effect of the political disfranchisement of the black community.

What is the Role of U.S. Companies in South Africa--While estimates of total U.S. holdings in South Africa vary quite dramatically--from between \$2.6 to \$14 billion--there is no doubt that U.S. investment is an integral element in the continued functioning of the South African economy. U.S. firms control a third of the South African automobile industry, one half of the oil industry and seventy percent of the computer industry. U.S. firms play several roles in the South African economy. U.S. firms producing consumer goods cater to the market created by the white South African elite which controls most of the national income. American finance provides economic stability to the South African economy by lending directly to the government, which depends on loans to finance its annual operating deficit of over 30,000 million Rand, and by lending to South African banks which in turn lend money to the government. Finally, U.S. firms such as Hewlett-Packard, IBM and GM sell many of their products directly to the state. It is in these last two cases that we can see most clearly how U.S. investment directly supports the continuation of apartheid:

Computers sold by IBM and Hewlett-Packard help run the pass system, the army and the air force; technology from American firms helps run the coal-into-gas and nuclear power plants that make South Africa self-sufficient in fuel; and companies like General Motors provide vehicles that may carry troops into townships that crush resistance. Without American products, ARMSCOR, the state-owned company that has enabled South Africa to bypass the international embargo on arms sales, could not function.

Do U.S. Companies Provide Skills, Training and Employment for Black Workers?--U.S. companies employ less than 1% of the entire black labor force. Moreover, since most of the U.S. companies operating in South Africa are high-tech, capital intensive operations, most black South Africans, having been denied appropriate education by the South African state, do not qualify for any but the lowest paying jobs that these companies offer. It can also be argued that the capital intensive nature of these firms actually reduces opportunities for black employment and is a counter to the recent growth of an organized and militant black

BERKELEY, CA 94720
(415) 642-0323

UNIVERSITY OF CALIFORNIA, BERKELEY

CENTER FOR LABOR RESEARCH AND EDUCATION
INSTITUTE OF INDUSTRIAL RELATIONS



trade union movement. Finally, one must ask whether any possible benefits to a small minority of the black population outweigh the costs of the support that U.S. companies provide the South African regime. This question, posed in a recent survey of black factory workers, was decidedly answered in the negative.

The Sullivan Principles--The Sullivan principles, first established in 1977, provide guidelines for desegregation of the workplace, affirmative action in hiring and training, equal pay, and financial aid to black communities. These guidelines are often cited by opponents of divestment who argue that U.S. firms in South Africa can use their presence to promote racial equality. The principles however do not serve this purpose for several reasons. First, adherence to the principles is entirely voluntary. Only about a third of U.S. companies operating in South Africa have signed; of those that have, several have a predominantly white labor force, which made adherence to the guidelines a rather moot issue. In fact only 22,000 black workers in South Africa are covered by the principles. Moreover, compliance with the principles is determined solely on the basis of reports written by company management. In 1983, nearly half the signatories either failed to report at all or received failing grades on their progress.

The Sullivan Principles apply only to workplace rules and in no way alter the fact that black workers cannot vote or choose where to live. Further the principles apply equally to companies, whether they produce consumer goods or goods for military use. It is not reasonable to credit a company producing military equipment for promoting racial equality simply because it acts in accordance with the principles. Finally, the Sullivan principles cannot be applied to investment in the form of bank loans--on which, as we have already noted, the South African government depends heavily.

Black South Africans Call for Divestment--In spite of the fact that black South Africans are not citizens and cannot vote, and the fact that the South African State has defined advocacy of divestment as a crime of economic terrorism punishable by a minimum sentence of five years, it is clear that the majority of black South Africans support the divestment movement. All the major opposition movements have called for divestment despite the danger that this has imposed upon their leaders. Among these movements are the United Democratic Front, the African National Congress, the Pan-African Congress, and the Black Consciousness Movement. Recently, Cyril Ramaphosa, the leader of the National Union of Mineworkers, said on national television that the divestment movement in the United States has a vital role to play in the current struggle to end apartheid.

What Will Happen in South Africa if U.S. Companies Divest--Many people fear that chaos and bloodshed will follow hard upon the heels of U.S. divestment. Of those people Seidman asks the following:

What do they think is going on in South Africa now? In the past few months, more than 300 black South Africans have been killed; the police have announced that they will no longer report where such incidents occur, so we may no longer have any independent check on casualty rates. The army has swept through townships; the police have fired on funerals....It may be that the time to worry about an impending bloodbath is over. That bloodbath may have already begun, as two or three black are being killed daily for demanding one person, one vote.

Finally in the words of Nobel Peace Laureate, Bishop Desmond Tutu:

Can whites tell us which methods are left to black people to change the system? We don't have the vote, and now they say we must not call for international intervention. What alternative would be left except violence?

-- Suzanne Meehan

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