

# SOUTH AFRICA, STANFORD, AND THE TRUSTEES

## Introduction

The Trustees of Stanford University do not argue in favor of apartheid. They say that they too disapprove of the racist South African system. They claim that they simply disagree over the best means to improve conditions for the black majority. Instead of supporting church-sponsored corporate proxy resolutions calling for withdrawal from South Africa, they argue that Stanford's best role is to encourage corporations to "act as a progressive force for change."

In this pamphlet we challenge the claims on three major grounds: First, American and other foreign corporations provide important economic, technical, and military support to the apartheid government. Second, corporate reform plans are severely limited in their scope and impact, and they do not address the core problems of apartheid. And third, black South Africans, whom corporations say would be hurt by withdrawal, actively encourage the movement for foreign corporate withdrawal.

The Board of Trustees oppose demands of "vote yes or divest" not because they have a better strategy for social change in South Africa, but because most of them are deeply committed to the corporate system, the primary concern of which is profitable investment, not human welfare.

Photo by Jan Sutter



## Accomplices in Apartheid

American and other foreign corporations have worked closely with the South African government to develop an industrialized economy under white control. In so doing they have squarely aligned themselves with the political and economic needs of the apartheid regime.

More than 350 U.S. corporations have investments in South Africa. These holdings, which have a book value over \$1.5 billion and constitute 16% of all foreign direct investment in South Africa, are distributed in the most important areas of the economy. U.S. corporations provide crucial support in nearly every strategic sector — energy, transportation, computers, chemicals, construction, and mining. This support facilitates apartheid and strengthens the government's ability to resist change.

In 1960, foreign investors lost confidence in the stability of South Africa following the Sharpsville Massacre, a peaceful demonstration against the Pass Laws in which South African police killed 69 blacks and wounded hundreds more. In 1964, investors withdrew \$50 million from South Africa.

In response, the South African government promoted foreign investment and began to develop self-reliant domestic industry. Partially to carry out both these programs for new investment, it instituted a systematic and effective policy of repression, banning opposition political parties and arresting thousands of blacks. In 1965, when order was restored, foreign investors brought over \$300 million more into South Africa.

American corporations assisted in the South African government's extensive public relations campaign to attract investors. The U.S. National Council of Churches noted:

Charles Englehard, of Englehard Mining and Chemicals, initiated the American South African Corporation to attract American capital back into the country. Other American firms ran advertisements indicating their confidence in the white regime's ability to maintain a suitable investment climate.

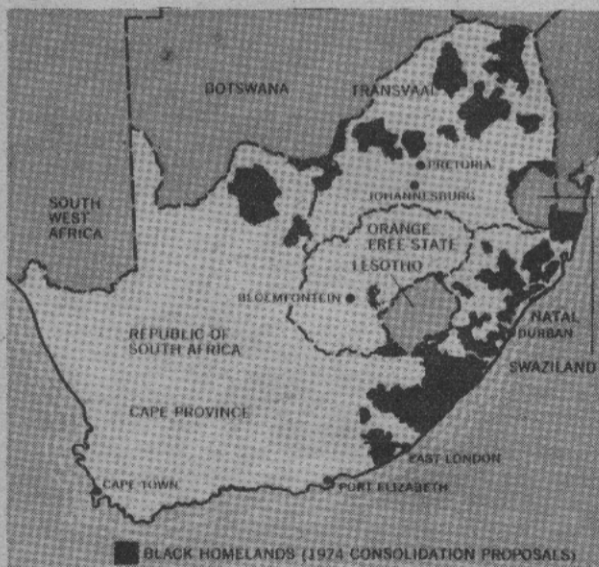
Since the availability of foreign technology and the benefits of corporate investment were threatened by an unstable political climate, South Africa began to pursue economic self-sufficiency. This strategy, known as the "local content" program, sought to give selected industries the capacity to manufacture on a domestic basis. The substantial effort to achieve self-reliance demonstrates how important foreign investment and trade are to the South African government.

This process also has been aided by American corporations.

In conjunction with South African public corporations such as ESCOM (electricity), ISCOR (iron and steel), and SASOL (petroleum), American and other firms are advancing the industrial base and self-sufficiency of the economy in the search for oil, petrochemicals, steel, nuclear energy and computers.

(National Council of Churches)

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This pamphlet was prepared for the Pacific Studies Center and the Stanford chapter of Campuses United Against Apartheid by Alan Bernstein, Nina Byrne, Bob DeGrasse, and Lenny Siegel, in May, 1977.

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