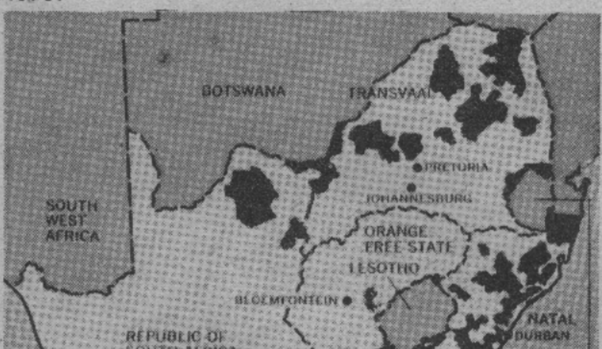
SOUTH AFRICA, STANFORD, AND THE TRUSTEES

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.



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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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 Sharpesville 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)

(continued on back page)

Apartheid Defined

South Africa is a country of contrasts: of white and black, of wealth and poverty, of master and slave, and of power and powerlessness. Today, a government elected by 4.2 million whites controls the lives of 20.7 million blacks. The stated aim of the government is to create ethnically and politically separate commonwealths which are economically interdependent. This policy is called **apartheid**.

To this end, the government of South Africa intends to assign all Africans into nine "homelands" or Bantustans, comprised of 250 noncontiguous areas. While blacks account for 80% of the South African population, the Bantustans comprise only 13% of the land, with the remaining 87% of the land reserved for whites. The homelands are now only able to produce two percent of total agricultural production and hold few of South Africa's vast mineral reserves. They have a population density of 235 persons per square mile, the highest on the African continent.

To facilitate the policy of apartheid and insure the total economic, political, and social dominance of white South Africans, the Government has passed numerous acts, some of which include:

1. Industrial Conciliation Act defines the term "employee" to exclude Africans. It prohibits Africans from joining registered trade unions. It prohibits Africans from participating in industrial councils which determine wages, jobs to be reserved for union members, working hours, etc., although Africans are bound by these councils' decisions. The act includes a "job reservation clause" which reserves certain jobs for certain races.

2. Bantu Labor Regulations Amendment Act of 1973 defines the rights of African workers in disputes with employers. Almost all grievances are settled by liaison committees, half of whose membership is appointed by management including the chairperson and secretary. The act puts such stringent prerequisites on the right to strike that for all practical purposes it is illegal to strike.

3. Apprenticeship Act delineates how a person can become a skilled artisan through apprenticeship programs which are so restrictive that there are no African artisans or apprentices in the entire country.

4. Environmental Planning Act (1976) continues restrictions on expansion of operations that would require increased numbers of African workers.

5. Master and Servants Laws cover the agricultural and domestic sphere, specifying criminal charges for a vast array of offenses. Each year about 22,000 Africans are prosecuted under these laws.

6. Bantu Labor Amendment Act of 1964 removes all rights of Africans living outside the Bantustans.

7. Bantu Consolidation Act (Pass Laws) is an extremely restrictive act on the movement of Africans outside the Bantustans. It requires all Africans over the age of 16 to carry passbooks at all times. An average of 250,000 Africans are arrested each year for pass law violations. Another 900,000 have been permanently "endorsed out" of the white areas because they were considered idle or redundant.

To sum up, the African laborer in South Africa is barred by law from organizing for improved wages and working conditions, collectively bargaining, or being trained for the job of his/her choice. He or she has restricted freedom of movement. Any breach of the laws makes him/her subject to arrest, fines, and imprisonments.

Apartheid is manifested not only in the legal structure, but in other institutions as well. For instance, education for whites is compulsory and free. For blacks it is neither. Government expenditures for whites range from 387 to 557 rand (one rand = $1.10) per child, depending on geographic area, compared to 40 rand per African child. The student-teacher ratio for Africans is 56:1 (the ratio for whites is 21:1) and the great majority of African teachers are very poorly qualified. No black may attend white schools. As a result 60% of Africans are illiterate. (Note: Within the last year Catholic schools have acted illegally to make integration efforts.)

In the medical sphere the statistics are even more shocking. There is one doctor for every 44,000 Africans compared to one white doctor for every 455 whites. Three out of every five children die in the Bantustans (mostly of starvation) before they reach the age of five.

Such discrimination has resulted in vast economic differences. The unemployment rate for whites is 0.2%, and for blacks it is 23%. White per capita income is 13 times greater than blacks' and the gap is increasing.

In compiling these statistics we found ourselves occasionally becoming lost in numerical abstractions. We urge the reader to resist this tendency and instead attempt to picture these facts in terms of the human suffering and hardship they represent.

[Reprinted from "Position Paper on Stanford University's Investments in Corporations Operating in South Africa," SWOPSI 193.]

Stanford's South African Investments

Stanford University has investments in thirty-two corporations or institutions which do business in South Africa. The total value of these holdings is over $118 million and constitutes 37% of all university investments. Stanford's income from these stocks and bonds totalled more than $6 million in 1976.

Stanford owns stock in eight of the fifteen largest U.S. corporations in South Africa. These corporations are active in nearly every strategic sector of the apartheid economy: oil (Stanford Oil, Texaco, Shell*), advanced technology (IBM, G.E., Hewlett-Packard), transportation (G.M., Ford, Boeing), and steel (Bethlehem, Armco), as well as other important manufacturing, mining, and financial institutions.

As the centerfold chart shows, at least eight Stanford trustees are executives or directors of corporations and banks with direct connections to South Africa.

Corporation	Market Value	Estimated Annual Income
American Express	$2,101,676	$ 59,622
Armco Steel	3,693,400	225,360
Bethlehem Steel	3,536,250	204,636
Boeing Corp.	573,750	15,000
Bristol Myers	2,118,860	62,015
Caterpillar Tractor	5,532,032	160,737
Celanese	4,238,625	249,200
Cities Service	4,600,527	236,957
E. I. Dupont	1,822,188	146,047
Eastman Kodak	1,508,555	32,022
Firestone Tire & Rubber	3,522,750	169,400
Ford Motor Co.	5,140,383	271,888
Ford Motor Credit	2,430,000	216,312
General Electric	6,084,908	207,145
General Motors	4,397,025	200,335
Goodyear Tire & Rubber	3,579,580	176,969
Hewlett-Packard	3,672,284	28,615
IBM	10,170,387	369,460
Ingersoll Rand	1,462,000	123,931
World Bank	4,180,625	350,250
NCR	2,160,000	195,000
Phelps-Dodge	2,783,250	199,176
Rohm & Haas	795,000	67,500
Shell Oil*	5,674,500	270,500
Sperry Rand	3,018,192	87,536
Standard Oil of California	7,809,661	451,423
Stauffer Chemical	2,420,697	74,964
Texaco	7,046,735	502,068
Tenneco	4,976,324	280,392
Union Carbide	4,956,700	293,260
Westinghouse	1,015,000	86,250
Xerox	1,112,022	24,712
Total	**$118,133,886**	**$6,038,867**

*Shell Oil's parent company, Royal Dutch Shell, is the legal entity involved in South Africa.

SOURCES

Stanford University **Securities Portfolio**, Jan. 31, 1977.

National Council of Churches, **Church Investments, Corporations and South Africa.**

Directory of American Firms Operating in Foreign Countries

Who Governs Stanford?

> We must make the distinctions about democracy and university government. The university is not a democratically organized institution, and cannot become one without destroying itself as a university. That simple proposition—which would have seemed all but self-evident to most previous generations—strikes many people nowadays as arrogantly reactionary.
>
> *Richard W. Lyman, March 1970*

Stanford University, or rather the Stanford Corporation, is not a democratic institution. It is not governed by the students, the employees, or even the faculty. It is not governed by residents on its property, nor is it under the charge of local or state taxpayers.

It is run by a largely self-perpetuating board of trustees. This is not to say that the trustees are all powerful, or that they make decisions about every detail of university life. Rather, they are the owners and residual authority of the university. They make the final decisions on the University's investment portfolio, hiring and firing of faculty, construction of new buildings, budget priorities, and acceptance of government contracts, and they select or approve top administrators.

FROM STOCK FARM TO STOCKS

The Leland Stanford Junior University was founded by Leland Stanford, Sr. and his wife Jane in 1886 as a memorial to their only son. Stanford was governor of California in the 1860's. He was one of the four men who built the Central Pacific, and its successor the Southern Pacific Railroad, into the dominant economic force in the state. Leland Stanford's fortune bought land for a stock farm at Rancho San Francisquito and later turned it into the Stanford campus.

Since the Board of Trustees that the Stanfords created to run the university after they died derives its basic authority from that fortune, it is important to consider how Stanford accumulated his fortune. Leland Stanford was an archetype of the Robber Baron. His railroads received huge land grants from the Federal Government in the drive to create the transcontinental railroad. He imported cheap Chinese laborers, thousands of whom died in taking the railroad over the Sierra Nevada. As fictionalized in Frank Norris' **Octopus**, the Southern Pacific used its transportation monopoly to hold California farmers in virtual vassalage. Finally, employing bribery and other shenanigans that make Watergate look like child's play, Stanford and Southern Pacific controlled the State Government for more than thirty years, including two years during which he served as both governor and President of Central Pacific.

Stanford's successors, the successive Boards of Trustees, have, in general, not been so corrupt. (There have been important exceptions, such as Northrop Corporation president Thomas Jones, who brown-bagged $75,000 for the Watergate defendants.) However, the chief criterion that the Board uses in selecting new members is financial: can the prospective trustee manage investments or attract private gifts, which make up roughly one-fifth of Stanford's income. Trustees selected in this manner are usually wealthy men, executives or lawyers for large corporations, who serve as directors of many other major corporations. Presently, 16 of the 23 appointed trustees are business executives or directors, and so are 2 of the 8 elected by the alumni. In addition, the board includes Sharon Percy Rockefeller and John Gardner, who travel in big business circles as well.

THE CHALLENGE

Beginning around 1966, Stanford students opposed to the Vietnam War began to challenge the rule of the trustees. Under trustee guidance, the university had become a training center, research laboratory, and landlord for the aerospace industry. In 1968 the university and its wholly-owned research institute, SRI, did $45 million in military contracts; corporations on Stanford land had nearly $70 more. And other military contractors which either grew out of Stanford or came to the Peninsula to take advantage of Stanford's resources did a whopping $1¼ billion in military contracts!

Anti-war Stanford students opposed the participation of their university in the war in Indochina, so they began to ask why. They discovered that the Board of Trustees, the legal descendants of the Stanfords, were in many cases the very same men who ran the war corporations. Trustee Jones headed Northrop. Roger Lewis headed General Dynamics. Charles Ducommon sat on the board of Lockheed. And as many as six trustees at one time sat on the board of Hewlett-Packard, one of several electronics firms spun off from Stanford and headquartered on Stanford land.

After publishing at least two series of pamphlets on trustee and Stanford connections to the war, anti-war students from Students for a Democratic Society (SDS) and other groups plastered the campus in 1967 with posters reading "We Accuse," showing Vietnam War scenes alongside photographs of Stanford trustees from war corporations. Most students on campus, including many opposed to the war, did not like the posters because they considered them to be personal attacks. The activists, however, used the controversy the posters generated to raise the issue that people had ignored when merely presented with information.

In the fall of 1968, when SDS demanded that "Stanford get out of Southeast Asia," it directed its demands to the trustees. SDS pressured the trustees to have an open meeting with students, so on March 11, 1969, five trustees answered the questions of students before a crowd of more than a thousand in Memorial Auditorium. The trustees convinced most present that SDS had been right about the board. Lockheed director Ducommon defended military business and trustee Bill Hewlett stated that he felt it was non-political for an American institution such as Stanford to participate in the war effort. Hewlett also denied, and then admitted, that FMC Corporation (of which he was a director) had made nerve gas.

The groundswell of anti-trustee sentiment led to a nine-day sit-in at the Applied Electronics Laboratory building on campus, an abortive one night sit-in at Encina Hall, and a large, disruptive street demonstration at SRI facilities in the Stanford Industrial Park. It also led to demands for changes in the governance of the University.

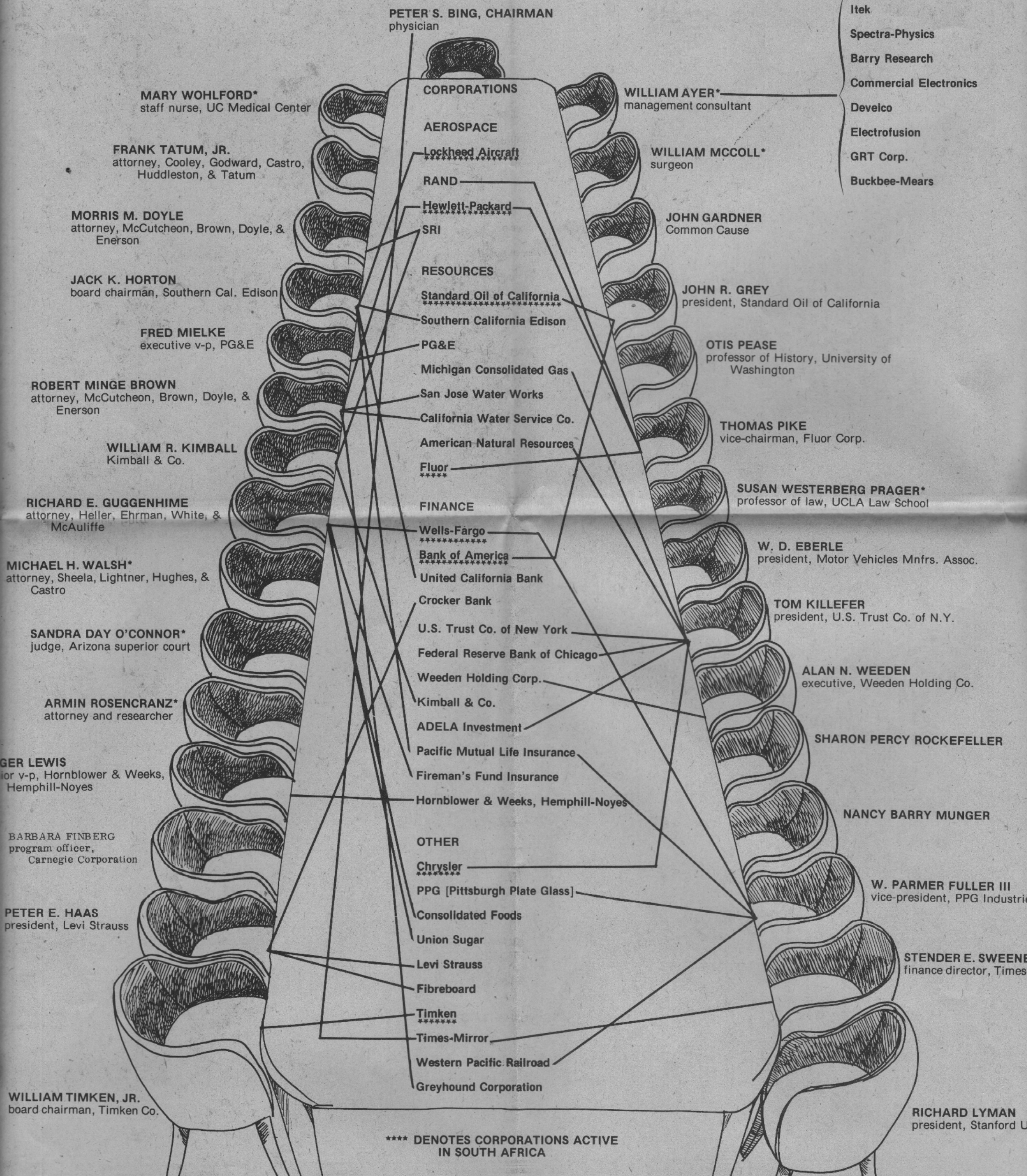
The trustees made some token changes in July, 1970. They established procedures to have alumni elect eight additional members of the trustees. Because the elected members make up a minority of the 32-member board, and because many of the alumni who elect them have similar outlooks to the old board, the impact has been small.

The trustees have also changed informally. Recognizing that students did not respond favorably to war profiteers serving on the board, some resigned and the remaining trustees replaced them with business leaders from other fields, such as energy. Now the Stanford board includes top executives of Stanford Oil of California, PG&E, and Southern California Edison.

Though the mainstream of the board continues to be business leaders who can raise large sums of money, they have learned better how to deal with student protesters. They meet with students, profess sympathy, and allow the university administration to treat demonstrators with kid gloves.

In substance, however, the trustees have not changed. They consider Stanford a training ground, socializing influence, and research laboratory for a social order of which they approve and which makes them wealthy. They believe in foreign investment, and it benefits them. They may listen to moral arguments and some may actually sympathize. But they too may be trapped in the system. Should they begin to advocate policies which cost their corporations money (over the long run, at least) they would lose their positions, influence, and perhaps much of their wealth.

KNOW YOUR TRUSTEES



**** DENOTES CORPORATIONS ACTIVE IN SOUTH AFRICA

*Elected by alumni

U.S. Corporations in South

The Republic of South Africa has always been regarded by foreign investors as a gold mine, one of those rare and refreshing places where profits are great and problems small. Capital is not threatened by political instability or nationalization. Labor is cheap, the market booming, the currency hard and convertible.

That was **Fortune** magazine, the voice of American business, summarizing the South African investment climate in 1970. The picture is not as rosy for foreign investors these days. The profit rate has fallen; the economy is in a recession; and intolerable conditions for the black majority threaten a violent upheaval in the near future. Yet **Fortune**'s observation is still useful. It states the bottom line which rules the location of business investments: Corporations seek high profits and a stable investment climate. They do not make decisions as conscious catalysts of progressive social change.

Over the past fifteen years, numerous groups and individuals — from South African Nobel Prize winner Chief Albert J. Luthuli to the United Nations General Assembly — have called for the withdrawal of foreign investment from South Africa because this investment constitutes economic, political, and military support for apartheid. Since this issue is the heart of the South Africa controversy at Stanford and around the country, we must examine the "corporations as a progressive force" argument more closely.

CORPORATIONS DEFEND INVESTMENT

There are actually two related variants of the prevailing corporate view. The first holds that corporate investments will gradually change the nature of South African society. Business defenders argue that economic development and industrialization will inevitably alter economic conditions and the social structure, elevating the position of blacks within apartheid society.

This scenario, based largely on American economist Walt Rostow's **The Stages of Economic Growth**, claims that the historical precedents of the US, Western Europe, and Japan prove that brutality and inequality are only temporary features of a developing economy. True, a small percentage (the whites) control South African economic and political power now, but as the productive system expands and becomes more sophisticated, whites will be forced to employ blacks in skilled labor and management jobs which are now closed to them by apartheid restrictions. The benefits of development will gradually "trickle down" to the majority. Opportunity will increase, living standards will rise, and gradually blacks will assume the political rights they are now denied. In sum, the proponents of corporate investment claim that apartheid will wither away under the impact of capitalist economic development.

The second line of corporate defense, the policy of reform, is more modest. In response to the increasing public challenge to their role in South Africa, corporate representatives claim that their firms can better the conditions for blacks by improving wage scales, training and promotion opportunities, and employment conditions. Twelve major US corporations active in South Africa recently endorsed "Six Principles" to improve operating practices. Their principles call for equal pay for equal work, better training programs for blacks, more management positions for blacks and other non-whites, and an end to segregated facilities within the workplace.

NO TRICKLE DOWN

Those who advocate corporate withdrawal dispute the claim that investment will undermine the apartheid system. A decade ago, nearly every orthodox development economist embraced development theories founded on the "trickle down" view. Few argue this line any more. A recent study by World Bank economist Irma Adelman found:

> The primary impact of economic development is on the average to decrease both the absolute and relative incomes of the poor. Not only is there no automatic trickle down of the benefits of development; on the contrary the development process leads typically to a trickle up in favor of the middle classes and the rich.

Indeed, this is precisely what has happened in South Africa. Corporate investments have increased dramatically, but they have not been accompanied by a corresponding improvement in conditions for the majority of non-whites.

> Africans in South Africa are not only worse off now, by comparison with whites, than they were ten years ago: they are worse off by comparison with their own standard ten years ago. And this development has occurred in spite of boom conditions in the economy and a growth rate at constant prices of roughly 6% per annum.

In 1960, US corporations had $284 million invested in South Africa. By 1970, investment had increased to $864 million, and by 1975 it had skyrocketed to $1.56 billion. The benefits of these investments, however, have accrued largely to the white majority. During the period 1960-69, the percentage of national income received by Africans fell from 26% to 18.8%. In 1960 African income per person represented 11.2% of the white income per person. By 1969, it had dropped to 8%.

This pattern has persisted into the 1970's. The gap between black and white wages in 1971 was $3,344; in 1974 it was $4,326, an increase of 29.3%. While wages did increase for blacks in some sectors, a Johannesburg marketing firm noted that these increases have been "largely neutralized by the negative effects of inflation."

In 1975, the Poverty Datum Line (PDL), the absolute minimum income on which a family can survive, was estimated by South African officials to be $149 a month for a black family in Soweto, the economically central black township near Johannesburg. The average black industrial worker earned $125 a month, considerably less than survival wages. Eighty per cent of all blacks live under the PDL. Another income standard, the Basic Minimal Level, is "considered by many sociologists and doctors in South Africa to be the basic income necessary to begin to alleviate poverty and deficient nutrition among blacks. Ninety-five per cent of all blacks in South Africa receive income below this level."

Corporate investment, following South Africa's development policies, has generally been **capital intensive** (relying on machines, not people). Consequently, employment has not risen as fast as investment. Between 1962 and 1972, for example, Caltex (jointly owned by Standard Oil of California and Texaco) reduced its South African employment from 2,400 to 1,830, despite major expansion. Moreover, the number of black employees fell from 776 to 394 over the same period.

By integrating advanced foreign technology into all sectors of the economy, South Africa is actually reducing the possibility of black job advancement. The widespread use of computers (from IBM especially), for instance, means that South Africa needs fewer skilled technical and managerial workers than it might otherwise. South Africa is consciously replicating a pattern found in high technology industries elsewhere, described in **Science** magazine recently:

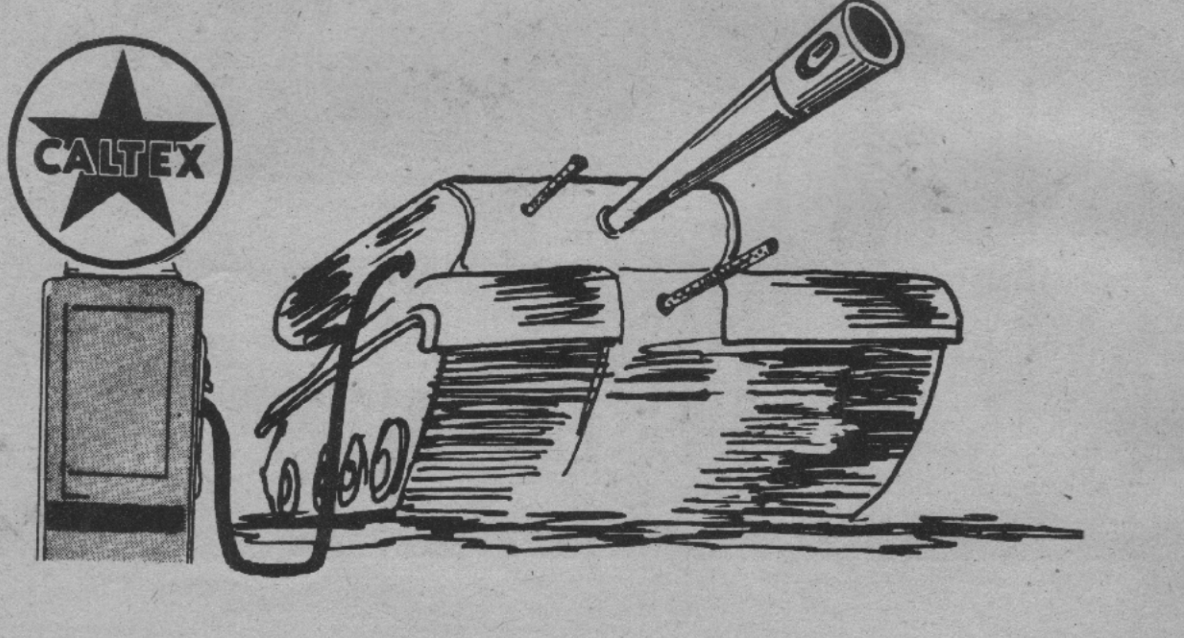
> The upcoming labor force may be structured into large numbers of relatively unskilled workers at one end, and highly trained managers and engineers at the other.

Because technology does not totally eliminate the need for more skilled personnel, the South African government vigorously promotes immigration of skilled white workers and professionals from Europe and North America.

Neither technology nor immigration can eliminate the need to hire some non-white South Africans to skilled positions. To maintain the system of racial discrimination, however, black "skilled" jobs are often reclassified as "semi-skilled" at considerably lower pay. More important perhaps, is the ploy of "job fragmentation," in which white skilled jobs are broken down into several jobs for blacks, with the total wage paid to the black workers less than the wage of the single white they replace. Thus, corporate claims that more blacks hold jobs formerly filled by whites must be taken with a grain of salt. Corporations may claim equal pay for equal work, but blacks are not given equal work opportunities.

The real story of job availability is told in the unemployment statistics. White unemployment is a fraction of one per cent. Approximately two million blacks, or 23% of the labor force, are out of work.

Finally, there is a fundamental fallacy that economic development resulting from corporate investments will undermine apartheid. White South African leaders encourage foreign investment because they believe — based on solid experience — it bolsters their way of life. South Africa advertises abroad to attract foreign investors, and it provides research and marketing services for potential investors. They promise sizable tax allowances, direct financial assistance, protection against competitive investment and imports, guarantees against nationalization, generous repatriation of income, and of course, cheap skilled labor. Recent investment restrictions and higher taxes should be seen merely as



Africa: A Progressive Force?

temporary steps to combat the recession.

While accepting foreign capital, the South Africans reject outright foreign suggestions of reform. "The fact that they (blacks) work for us," states Prime Minister Vorster, "can never ...entitle them to claim political rights. Not now, not in the future." And Minister of Information Connie Mulder, rumored to be Vorster's successor, asserts, "The Nationalist government of South Africa is prepared to do everything — even to use military forces if necessary — to maintain the right of the whites to control South Africa."

Simply, White South Africans know that they need imports, foreign technology, and capital from foreign investors to maintain their position. (See article, "Accomplices in Apartheid.")

CORPORATE REFORM

Under public pressure, some corporations have begun to make limited reforms in employment practices and wage rates. The "Six Principles" listed earlier sound admirable. However, General Motors director Rev. Leon Sullivan, who organized corporate acceptance of the principles, spent 18 months in the effort, and only persuaded twelve out of more than 350 US corporations to accept even these modest reforms.

That some corporations will no longer segregate work facilities of dining halls is to be commended, as are commitments to increased training for blacks. However, it must be remembered that the entire body of South African law and custom limits the changes corporations can make. The Industrial Conciliation Act doesn't even classify blacks as employees. It reserves certain higher level jobs for whites. Since hiring blacks for these positions is **illegal** without government permission, reformist corporations can only introduce selective changes.

More important, the "Six Principles" do not address changing the fundamental structure of apartheid. There is no demand for black political rights, no endorsement of black trade unions. Without political power and union recognition, blacks are forced to accept token reforms in a system which continually reinforces their inferior status and deprives them of basic human rights. Indeed, the corporate reform program can be described, as one exiled South African put it, as "too little, too late."

South Africa is not the only country where people are poor, where there is discrimination, or where fundamental freedoms are denied. However, the systematic oppression of black South Africans is so blatant that the global community has come to an agreement on the need for change. To focus on the fight against apartheid does not mean that we approve of conditions in Black Africa. Nor does it mean that we believe that the US has solved its own racial problems. Rather, it means that the people of South Africa deserve a say in the disposition of the wealth that they create.

Even if apartheid is soon defeated in South Africa, political conflict there will continue. In fact, arguments over the morality of foreign investment there will continue. The removal of the apartheid system is necessary, but not sufficient, to allow South Africans — of all races — to determine their own destiny.

SOURCES

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South African Blacks Demand Withdrawal

Black South African leaders and organizations reject the argument that the economic boycott of South Africa can only hurt its blacks. Though they know that the white leaders of South Africa will shift as much of the burden onto the blacks as they can, they believe that blacks will benefit in the long run. Here are a few of the many statements asking for foreign economic withdrawal from South Africa:

NOBEL PEACE PRIZE WINNER CHIEF ALBERT J. LUTHULI

The economic boycott of South Africa will entail undoubted hardship for Africans. We do not doubt that. But if it is a method which shortens the day of blood, the suffering to us will be a price we are willing to pay.

FATIMA MEER, OF THE INDIAN CONGRESS OF SOUTH AFRICA

The South African government grows stronger by the day because of its solvency, which it gets from foreign investors. If the government had an economic shock, things might begin to change . . .

THE AFRICAN NATIONAL CONGRESS OF SOUTH AFRICA

It is our firmly considered view that liberal opinion—however well intentioned it may appear— that opposes our campaign for this withdrawal is, in the long run, only delaying the change that is essential if South Africa is to be rid of apartheid and slave labor. It is not enough to grant higher wages here, better conditions there, for this leaves the apartheid system intact, in fact it props it up longer—the very source of our misery and degradation.

SOUTH AFRICAN STUDENT ORGANIZATION

SASO sees foreign investments as giving stability to South Africa's exploitative regime and committing South Africa's trading partners to supporting this regime. For this reason SASO rejects foreign investments.

[Adapted from a position paper, "Playing a Progressive Role in South Africa: Apartheid, Proxy Issues, and Corporate Withdrawal," Stanford Committee for a Responsible Investment Policy].

Accomplices

(continued from front page)

While American industrial corporations participated directly, U.S. and other foreign banks provided financing for South Africa's public corporations. In the 1960's, a consortium of ten major American banks, including Wells Fargo*, established a $40 million revolving credit account for South Africa. (Two Stanford trustees, Richard Guggenhime and W. Parmer Fuller III, are directors of Wells Fargo, and Wells Fargo chairman Ernest Arbuckle recently resigned from the Stanford board). South Africa received loans of similar size from European banks and the U.S.-dominated World Bank. (Stanford stockholdings—$4.2 million). In the early 1970's, the European-American Banking Corporation organized a $215 million direct loan to South Africa.

Despite the effort that South Africa has put into the drive for industrial self-sufficiency, it is far from successful. London's **Standard Bank Review** notes that South Africa is "still greatly dependent on imports of machinery and other capital items."

GIVING THEM ENERGY

Perhaps the clearest example of American corporate support for the South African government is in the oil industry. While blessed with an abundant supply of most raw materials, South Africa lacks oil, the lifeblood of an industrial economy. Without a domestic supply, international sanctions could cripple the economy. American corporations have been working hard to overcome this problem by trading oil to South Africa and helping to establish domestic sources.

Standard Oil of California and Texaco jointly own Caltex of South Africa (John Grey, Stanford trustee, is President of Standard Oil; Stanford owns $7.8 million of Standard Oil stock and $7 million of Texaco). Caltex, along with Mobil and Exxon, control about 44% of the petroleum products market in South Africa. Caltex and Mobil own two of South Africa's three refineries and refine half its crude imports. Caltex recently announced a $134 million expansion of its facilities in South Africa. Along with other corporations, Caltex is obligated to supply products for the South African military. The firm has invoked the South African Official Secrets Act to avoid disclosing the details of supplies to the government.

Superior Oil discovered petroleum gas off the South African coast in 1969. And over 20 American companies are actively engaged in searching, drilling, or marketing oil products. However, the rush for exploration has apparently discovered few substantial reserves, so South Africa remains dependent on foreign imports.

The Fluor Corporation has contracted to build a $2 billion facility in South Africa to extract gasoline from fuel oil and coal. (Thomas Pike, Stanford trustee, is a director and vice chairman of Fluor.) The Pacific News Service reports that the Fluor project will make South Africa the world leader in coal gasification technology and supply 25% of its petroleum needs.

General Electric was an enthusiastic bidder to supply South Africa with a nuclear power plant (Stanford holdings in G.E. — $6 million). G.E. lobbied extensively to get Congress to permit the sale. In the end however, South Africa decided that France was a more reliable source of nuclear technology and the deal with G.E. never came off. Now G.E. produces 80% of the diesel engines used in South Africa Railways locomotives.

COMPUTER TECHNOLOGY

U.S. corporations provide vital support to the South African government in the computer field. IBM alone controls 50% of the South African computer market and 25% of its business in South Africa is with the government (Stanford's holdings in IBM — $10.2 million). Part of IBM's business is administering the Pass System, South Africa's notoriously repressive identification system to register, regulate and control black labor. Perhaps more important is the total dependence of South African business and government on computer technology. IBM computers are used by numerous South African government agencies, including the Department of Defense and the Department of Prisons. The Volkskas, a large South African banking system, co-ordinates its networks through an IBM 360 network. C. Cotton, managing director of Burroughs South Africa, one of IBM's competitors, stated that

> The economy would grind to a halt without access to the computer technology of the West. No bank could function; the government couldn't collect its money and couldn't account for it; businesses couldn't operate; retail and wholesale marketing and related services would be disrupted.

In addition, computer technology assists military research and operations. IBM products are used by the South African Air Force and are instrumental in the early warning military alert system.

THE MILITARY CONNECTION

IBM and Caltex are not the only U.S. firms that support the South African military, despite a 1963 U.S. law prohibiting arms sales to South Africa. U.S. corporations sell military products and produce them in South Africa itself. Ford Motor Company's Aerospace division does research, development and production of communications and control systems for missiles, satellites, and weapons in South Africa (Stanford holdings in Ford — $5.1 million). American Motors subsidiary Kaiser Jeep produces jeeps and tactical military vehicles for the South African Army. General Motors produces vehicles used by both the Army and the South African Police (Stanford holdings in G.M. — $4.4 million).

U.S. automobile manufacturers, with their linkages to the steel, oil, and rubber industries, have played a primary role in stimulating, diversifying, and expanding the South African economy. During World War II the auto plants were converted to military production. A South African newspaper noted that "in time of emergency or war, each plant could be turned over rapidly to the production of weapons and other strategic requirements for the defense of South Africa."

ITT's electronics components are used in the telecommunications system at Simonstown Naval Base. ITT's flight simulators are used in the Mirage jets which South Africa buys from France. Lockheed supplies the South African Air Force with planes used for surveillance and combat support (Stanford trustee Jack Horton is a director of Lockheed Aircraft). Testimony before the Senate Foreign Relations Committee in 1975 revealed that both light aircraft and heavy transport planes have been provided directly to the South African government for military use. Finally, U.S. corporate investment in metallurgical enterprises and chemical plants helps expand the South African military industrial capacity.

This is only a partial survey of U.S. corporations in South Africa and Stanford University's active participation in the support of the white minority government. Stanford owns stock in 32 firms doing business in South Africa and Stanford trustees hold high level positions in at least eight corporations with direct connections to South Africa.

In retaining their South African investments, U.S. corporations and Stanford University are defying the United Nations, National Council of Churches, and world opinion.

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The Zulu King Tshaka (1773-1828) who led his people against Whites moving into Zulu territory.

*On the positive side, Wells-Fargo has announced that it will make no new loans to South Africa unless certain conditions are met.

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