

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 Guggenheimer 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 sys-

tem 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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