THE CORPORATE EXAMINER

A publication examining policies and practices of major U.S. corporations with regard to:

Labor Environment Consumerism Equal Employment Minorities Women

Agribusiness Military Production Government Foreign Investment

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U.S. CHURCHES PLEDGE INTENSIVE OPPOSITION TO U.S. CORPORATIONS IN SOUTH AFRICA — PART THREE

In this special three-part **Corporate Examiner** *series (Volume XIV, numbers 4, 5, 6, 1985), twelve companies with long histories of complicity with South African apartheid, will be profiled by industry. The companies have been selected for intensive action by U.S. church investors.*

Part One *(volume XIV, number 4) will focus on the* **computer industry** *— IBM, Control Data and Burroughs — and* **the banking industry** *— Citicorp.* **Part Two** *(volume XIV, number 5) analyzes* **the petroleum industry** *— Mobil, Texaco, Chevron and Fluor — and* **manufacturing** *— General Electric.* **Part Three** *(volume XIV, number 6) covers the* **motor vehicle industry** *— Ford and General Motors — and* **mining** *— Newmont Mining. Reprints of all three special issues of the* **Corporate Examiner** *are available by contacting ICCR.*

This issue of the **Corporate Examiner** *opens with statements by a number of South African and U.S. leaders advocating economic sanctions against South Africa because of its apartheid policies. This issue also contains excerpts from a resolution adopted at the April 1985 Annual Conference of the United Democratic Front, a 1.5 million member, broad coalition of antiapartheid groups in South Africa. The UDF has emerged as the leader of South African opposition to the white minority government in South Africa. In August 1985 sixteen UDF leaders were on trial, facing life imprisonment for their antiapartheid activities. Concluding this issue is a comment by Dr. Beyers Naude, president of the South African Council of Churches, on the state of emergency in South Africa. The issue also profiles the motor industry — Ford and General Motors — and the mining industry — Newmont Mining.*

South Africans Support Foreign Disinvestment

A growing number of organizations and prominent individuals in South Africa are speaking out on disinvestment despite harsh penalties for doing so under South African law. The Internal Security Act of 1982 provides up to twenty years in prison for any person who advocates divestment or disinvestment from South Africa.

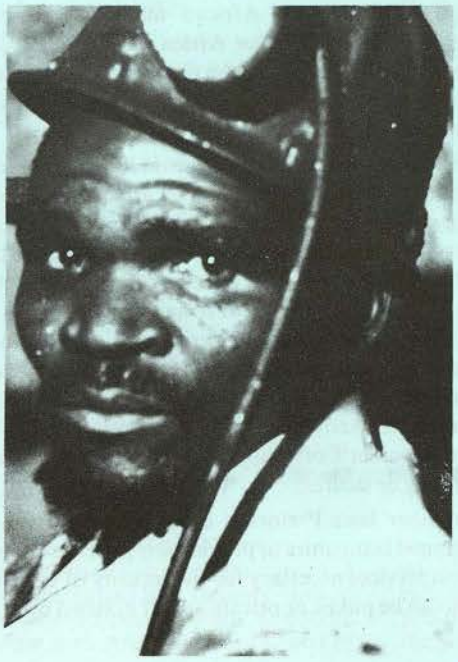
Desmond Tutu

The Anglican Archbishop of Johannesburg and winner of the 1984 Nobel Peace Prize:

> Those who invest in South Africa should not think they are doing us a favor; they are here for what they get out of our cheap and abundant labor and they should know they are buttressing one of the most vicious systems. (1984)

Federation of South African Trade Unions (FOSATU)

South Africa's largest federation of black trade unions:



> It is FOSATU's considered view that the pressure for disinvestment has had a positive effect and should therefore not be lessened. FOSATU is definitely opposed to foreign investment that accepts the condition of oppression maintained by this regime. (Statement adopted by the National Executive, 1984)

Allan Boesak

President of the World Alliance of Reformed Churches:

> Disinvestment is a practicable, possible and necessary tool for pressing against apartheid. I do believe that without economic pressure on the South African government, there will be no movement towards change. (May 1985)

South African Council of Churches

> The executive, in the full awareness of the emotional tensions as well as the division aroused by the issue of disinvestment, nevertheless believes that a growing percentage of blacks, including organizations and trade unions with great influence, increasingly support the call for disinvestment as one of the few remaining methods to achieve justice without violence. (Recommendation adopted by the Executive Committee, April 1985)

Steve Biko

Leader of the Black Consciousness Movement, killed in 1977 while in the custody of the South African police:

> The argument is often made that the loss of foreign investment would hurt blacks the most. It would undoubtedly hurt blacks in the short run because many of them would stand to lose their jobs. But it should be understood in Europe and North America that foreign investment supports the present economic system of political injustice.... If Washington is really interested in contributing to the development of a just society in South Africa, it would discourage investment in South Africa. We blacks are perfectly willing to suffer the consequences. We are quite accustomed to suffering. (1976)

Albert Luthuli

Winner of the Nobel Peace Prize and former president of the African National Congress:

> 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 bloodshed, the suffering to us will be a price we are willing to pay. (1959)

THE MOTOR INDUSTRY IN SOUTH AFRICA

The South African motor industry — dominated today by foreign-owned giants such as Ford, General Motors, Toyota, Nissan, Volkswagon and Mercedes-Benz — was the economic vehicle chosen by Pretoria to lead its remarkable post-war industrial growth. Through a "local content" program initiated in the early 1960s, the government used high tariffs to pressure motor vehicle manufacturers to use increasing amounts of locally-produced components in their operations. Using South African-produced steel, rubber, machinery, electrical, glass and petroleum products, the motor industry became a bulwark of the racially segregated economy. The white minority population thrived, enjoying one of the highest rates of vehicle ownership of any industrialized country in the world. Likewise the government, its state-owned agencies, the police and military benefitted as the auto industry fit snugly into Pretoria's plans to achieve economic and military self-sufficiency.

Motor Industry Thrives in South Africa

U.S. and other foreign auto makers flourished under the government's program. The industry grew at a rate of eight percent in the 1960s with the five largest companies earning a reported return on equity of 36.2 percent annually between 1960 and 1969. The industry's contribution to the gross domestic product grew at an annual rate of 10.3 percent from 1967 to 1975, compared to 5.1 percent annual rate for the manufacturing sector. The real annual growth rate in gross domestic product was 4.6 percent.

Like all manufacturing sectors in South Africa, the auto industry yielded disproportionate benefits for the 18 percent white minority population that is in firm control of the country's wealth. According to the South African government's own figures, whites own 67 percent of all licensed motor vehicles, more than one vehicle for every two white South Africans. Although ownership among blacks has almost doubled since 1970, only one out of every thirty blacks owns some kind of motor vehicle.

Ford and General Motors Play Major Role

Foreign-owned auto makers such as Ford cashed in on Pretoria's strategy. Ford opened the first assembly plant in South Africa in 1924. GM followed two years later. Ford and GM greatly expanded their productive capacities in South Africa after World War II and eventually began exporting South African made parts to Europe, the U.S. and other areas of southern Africa. Their substantial shares in the South African market provided protection from the recession of the mid-1970s. Both companies announced plans in the late 1970s to expand their South African operations. By 1977, Ford was in first place in market share and GM in fifth among ten major motor vehicle manufacturers. The companies' combined assets in South Africa totalled an estimated $385 million and both firms would have ranked among the top twenty-five companies on the Johannesburg stock exchange.

Police and Military Customers

About that same time both companes disclosed that the South African police and military were among their customers. Before 1978, GM's sales to the military averaged 1,500 units a year and Ford said that between 1973 and 1977 it sold more than 750 cars and 2,100 trucks to the police and military.

Despite export regulations issued in 1978 by the U.S. Commerce Department that were designed to halt the sale of motor vehicles and component parts to the South African police and military, both GM and Ford found legal ways to circumvent the rules. Products that are not of U.S. origin or in which U.S.-origin components account for less than 20 percent of the value are not subject to the regulations.

Consequently, almost all of Ford's South African products were exempt from the restrictions because its South AFrican subsidiary was wholly owned by Ford's Canadian subsidiary. Ford's newly formed partnership with an affiliate of the South African industrial giant Anglo-American Company will continue to be exempt. GM products manufactured in South Africa containing 80 percent or more locally produced components also are exempt from the restrictions.

As of 1985, Ford reported sales to the South African police and military averaging less than one percent of its total. Sales to all government agencies accounted for about five percent. The South African police and military purchased about two percent of GM's South African subsidiary products as of 1983. In addition, GM's United Kingdom operations provided parts for vehicles which GM had sold to the South African police and military. Thus GM was able to claim it was not technically in violation of the embargo even though churches charged at shareholder meetings that GM violated the embargo's spirit.

Collaboration with the Apartheid Government

Shareholders also learned the extent to which Ford and GM may be required to cooperate with the government. In 1977 a confidential memo from GM's South African managing director to the company's regional director for Africa revealed that during a national emergency, Pretoria had the power and would likely declare the auto maker a "national key point" to be protected by a local, all-white "commando unit" composed of GM employees.

GM and Ford have since told church shareholders that the government has notified them that they are not "key points," and they are not required to strengthen their security systems. GM stated in a January 1984 letter to ICCR: "In March 1982 GMSA was officially notified that its facilities were not considered to be National Key Points." This may be a case of semantics. The earlier GM memo indicated that during a national emergency the government had the power to declare certain industries "Key Points" and take over a plant or secure it with military personnel. While GM has stated they will resist any such takeover through legal means, it is within the white minority government's officially authorized power to make such a move if it needs or desires.

Under other laws Pretoria's cabinet ministers also have the power to compel companies to provide any government agency with products and services necessary for the security of the country. The notification can be public or private and, if notified by private letter,

a company may not disclose any information about the order without permission from the cabinet head in charge of the directive.

Centralized Government Purchasing

Under South Africa's procurement rules, companies submit bids to a central purchasing agency without knowing which government departments are the prospective purchasers in any particular instance. Ford officials fear that companies refusing to sell to certain departments could be cut out of the government bidding process altogether. Ford representatives argue that this would jeopardize five percent of Ford's sales, as auto makers could lose all their business with the government if they refuse to sell to the police and military.

Economic Downturn Forces Changes in the Industry

The South African auto industry's fortunes have turned in recent years. High fuel prices, the worst recession in the country's postwar history and an overcrowded market have taken their toll. Ford, now the second largest auto maker in the country, announced in January that it is merging its operations with the third largest producer, a subsidiary of the huge Anglo American Corporation, in an effort to stem both companies' losses. Ford now owns approximately 40 percent of the merged company but has not repatriated any capital to the U.S. It has been rumored for months that GM, now the seventh largest producer, has been discussing a similar move with one of South Africa's huge insurance houses. GM has lost money in recent years and confided to church representatives in 1983 that it would have left most other countries where its business fortunes had been so dismal.

The industry's bad times are having a devastating impact on black labor in the Port Elizabeth area where the auto companies are concentrated. More than 11,000 workers have been laid off in the last three years. The Ford merger is expected to lead to loss another 2,000 jobs. With inflation running at 20 percent in South Africa, unrest has become endemic in black townships surrounding Port Elizabeth.

As employers who have publicly stated their dedication to progressive labor practices, Ford and GM have little power during hard times to help the black majority population. Their business decisions have hit the black population hardest. Even in the best of times, the companies are restricted by South African law from offering their workers such basic rights as family housing near their jobs, financial aid for racially integrated schools and health benefits for racially integrated medical care.

The auto makers' relationship to the police and military inflicts great injury on blacks. South African police in unmarked cars and vans routinely arrest blacks at random to check on whether they carry proper papers. Recent affidavits taken from blacks in the Port Elizabeth area provide ample evidence that police ride through black townships indiscriminately shooting at men, women and children in their efforts to intimidate political opposition.

FORD MOTOR CO.

Established in South Africa in 1924

Number of Employees

White	1,970
African	1,883
Asian/Colored	2,820
Total	6,673

(as of 1983)

Ford, the largest U.S. employer in South Africa and the second largest auto manufacturer there, is in the process of merging its operations with the country's third largest producer of cars, a subsidiary of the huge South African conglomerate, Anglo American Corporation. Although the final workforce after the merger will total about 7,000, the move is expected to lead to 2,000 job losses.

Total Assets

$230 million

Total Sales

$530 million

Name of Subsidiary/affiliate

South Africa Motor Corp. (SAMANCOR), formerly Ford Motor Co. of South Africa (Pty.) Ltd.

Description of Operations

In South Africa Ford manufactures and distributes cars, trucks and tractors built to civilian commercial specifications. As a result of the merger with Anglo-American, one of Ford's two assembly plants will shut down, an additional engine assembly plant may be expanded. Ford, which held 88.4 percent of the equity in Ford Motor Co. of SA, will own 40 percent of SAMANCOR. Ford's capital investment will remain the same. In 1984, the company estimated that it sold one percent of its South African production to the South African police and military and five percent of its South African-produced goods to all government agencies.

Strategic Role

As a supplier of vehicles to the South African police, military and government agencies, Ford assists the government in controlling the black majority population. Commercial cars and vans are used by police to make pass law arrests, maintain surveillance of black political meetings and patrol black townships. Trucks are used by the government to transport unwanted blacks to remote, impoverished regions and control the labor mobility of urban blacks.

Auto companies operating in South Africa have little control over which government agencies use their products. Companies bid on government contracts through a central purchasing agency and sometimes do not know which government departments use their products until after contracts are awarded. Also under South African law, companies can be ordered by the government through private notifications to supply their goods to the police and military.

History of Institutional Shareholder Action

(Includes year and resolution topic)

1977 Withdrawal from South Africa

1979 Sales to South African government

1980 No sales to the military or police (withdrawn)

1981 Operations in South Africa

1985 No sales to the military or police

Company Position

Ford is one of industry's most active lobbyists against divestment and is a member of a corporate committee organized to oppose divestment at the state and local level. William Broderick, Ford's director of international governmental affairs, was described by the *Washington Post* in December as "the corporate general" in the battle against divestment. Broderick told the *Post:*

> It's not exactly a motherhood issue . . . but we're totally convinced that nothing good will come to black South Africa if we all get out.

Ford opposes shareholder calls to end sales to the police and military, partially on the grounds that its sales practices in South Africa do not violate U.S. laws or run counter to U.S. policy. Ford said in its 1985 proxy statement:

> Management continues to believe that direct confrontation will do less to aid the cause of racial equality and improved conditions in South Africa than will vigorous and systematic implementation of the (Sullivan

Principles) ... It believes that its present policies are producing tangible benefits for black South Africans.

One Ford director, Clifton R. Wharton, Jr., a chancellor of the State University of New York, voted for the church-sponsored resolution in 1980. In 1985 Chancellor Wharton called on U.S. companies to pull out of South Africa.

Church Position

In response to numerous church-sponsored shareholder resolutions, Ford has reported regularly on its South African operations and meets periodically with church representatives. However, Ford has refused to stop all vehicle sales to the police and military even after Ford Director Clifton Wharton supported this request. Ford has also refused to pledge a moratorium on further expansion in South Africa while apartheid continues. Finally, Ford has refused to withdraw from South Africa.

GENERAL MOTORS CORPORATION

Established in South Africa in 1926

Number of Employees

White	1,730
African	1,026
Asian/Colored	2,193
Total	4,949

According to the South African press, GM announced in January that it was laying off 320 employees — in addition to the 129 workers laid off last year — because of a severe recession in the overcrowded South African auto industry. The company began a four-day work week late last year, stopped production for two weeks, and gave workers a seven-and-a-half week vacation in 1985.

Total Assets

$140 million

Total Sales

$320 million

Subsidiaries/affiliates

GM has two South African subsidiaries; the major is General Motors South Africa (Pty.) Ltd. (GMSA).

Description of Operations

GMSA manufactures, assembles and distributes automotive components, passenger vehicles and commercial vehicles ranging from small pick-up trucks to heavy-duty tractor trailers. The company also assembles locomotives from parts made both in South Africa and imported from GM operations in Canada. As of 1983, GMSA was the seventh largest auto company in South Africa among South Africa's eleven car manufacturers and seventeen truck manufacturers. Two percent of its sales were to the South African police and military.

In 1983 General Motors announced it had stopped sales of heavy trucks to the police and military. The company said this year that vehicles sold to the police and military were for "general purpose use" and were not intended or equipped by GMSA for military application.

Strategic Role

As a supplier of vehicles to the police and military and to South African government agencies, GMSA assists the government in controlling the black majority population. Commercial cars and vans are used by police to make pass law arrests, maintain surveillance of black political meetings and patrol black townships. Trucks and trains are used by the government to ship unwanted blacks to bantustans in remote, impoverished regions and to control the mobility of urban blacks.

Auto companies operating in South Africa have little control over which government agencies use their products. Companies bid on government contracts through a central purchasing agency and sometimes do not know which government departments use their products until after contracts are awarded. Also under South African law, companies can be ordered by the government through private notifications to supply their goods to the police and military.

History of Institutional Shareholder Action

(Includes year and resolution topic)

1977 Withdrawal from South Africa

1979 Sales to South African government

1980 No sales to the military or police

1981 Operations in South Africa

1984 No sales to the military or police

1985 No sales to the military or police

Company Position

GM said in its 1985 proxy statement that it believes discontinuing sales to the South African police and military

> would seriously jeopardize and could possibly result in the termination of General Motors' operations in South Africa.

The company also said it believes that

> measures such as divestment and disinvestment whose effect would be both to retard the realization of a growing industrial society and to reduce the economic and political leverage of the non-white peoples of South Africa are significant obstructions to dismantling the apartheid system.

The company said it will continue to work privately and publicly to press for peaceful change in South Africa

> and to pursue all constructive alternatives which have any reasonable prospect for redressing that country's racial policies.

Church Position

In response to numerous church shareholder resolutions, General Motors has stopped heavy truck sales (in 1983) to the military when the company discontinued manufacturing that line in South Africa, has committed itself not to expand in South Africa while apartheid continues, has agreed to meet regularly with church representatives and has published annual reports on its South African operations.

However General Motors:

— has refused to stop all vehicle sales to the police and military;

— has refused to withdraw from South Africa and

— is one of the most active lobbyists in Washington on South Africa legislation, regularly testifying against bills designed to pressure South Africa.

In addition, church critics believe that General Motors circumvents the spirit of the U.S. embargo against sales to the South African police and military by providing component parts from its United Kingdom plants for vehicles sold to the police and military. (The U.S. embargo only deals with a prohibition of U.S. components being included in such sales.) Thus, General Motors is in technical compliance, but undercuts the intention of this embargo.

MINING INDUSTRY

Mining is the heart of the South African economy. Endowed with the world's largest known reserves of gold, platinum, chromium, manganese and vanadium, South Africa is also rich in deposits of minerals such as diamonds, coal, phosphate and uranium. The country's mineral wealth has proven important in the economic development of South Africa and an equally important source of revenue. In 1981, mineral sales earned two-thirds of the country's total foreign revenues and constituted 17 percent of its gross domestic product. Yet these vast resources have not been shared with the millions of black South Africans who have gone deep beneath the surface of the earth to dig out South Africa's riches. Paid an average wage one-fifth that of white South African miners, these workers live as aliens in the country of their birth, not having been extended basic freedoms — the right to vote; to live, work and travel where they choose; to decent education and health care.

U.S. Role

The U.S. stake in South Africa's mining industry has been growing steadily during the last two decades of apartheid rule. Direct U.S. investment in South African mining doubled from 1968 to 1973 to more than $138 million. At least six American corporations currently have mining operations in the country — International Minerals and Chemicals Corporation (IMC), Newmont Mining Corporation, Phelps Dodge Corporation, Standard Oil Company (Ohio), Union Carbide Corporation and United States Steel Corporation. Five of those firms mine strategic minerals: IMC and Union Carbide mine chrome; Newmont and Union Carbide are involved in vanadium mining; and a U.S. Steel affiliate mines manganese. Another two dozen U.S. companies operate mining-related businesses in South Africa.

Indirect U.S. investment in South Africa's mines dwarfs America's direct investments. According to a Johannesburg investment firm, at the end of 1983 American investors owned more than $7 billion worth of South African mining shares, of 17.6 percent of total ownership of South African mining stock and more than half of all foreign-held shares.

South Africa's white elite population and the coffers of the South African government treasury have been handsomely enriched by this industry. In addition to generating enormous export revenues (more than $6 billion in 1983), the mining companies help pay the costs of apartheid with their taxes, duties and lease payments to the government. In 1983, according to the government's central statistics office, these totaled 11 percent of all domestic revenues.

Low-paid Black Labor

As with every other industrial sector in South Africa, the mining industry pays disproportionate compensation to its white employees as compared to its black employees. According to the government's 1983 figures, although 11 percent of the 707,000 mining and quarrying employees were white, they earned 40 percent of the industry's wages. The remaining 89 percent of the mining workforce were blacks, who earned 60 percent of its payroll. In May 1983, blacks in the mining industry earned an average monthly wage of $234, one-fifth the $1,256 average monthly wage for whites.

Migrant Labor and the Homelands Policy

Perhaps the greatest cost of the mining industry to black South Africans cannot be measured in dollars and cents, but in human tragedy. South Africa's mines are heavily dependent on migrant labor — Africans from homelands and neighboring countries who work on short-term contracts. This system imposes tremendous strain on the African worker's family.

The system of recruiting blacks to work on a contract basis in the remote mining areas began in the early days of South African mining, a little more than 100 years ago, to ensure a steady supply of cheap labor for the growing industry. Under the contract system, workers return briefly to their homes where their contracts are renewed by government-run labor bureaus. Husbands are separated from their wives and children for up to a year at a time. While away from their families, miners live in hostels or barracks that often are rundown and overcrowded. These workers are not allowed to bring their families to live with them near the mines.

Other miners, euphemistically called "commuters", mine South Africa's riches, such as chrome ore and vanadium, in white South Africa, but they may live only in one of South Africa's ten homelands. These territories, making up a total of 14 percent of South Africa's land, were set aside by the South African government as reserves for each of the country's ten African ethnic groups, which together comprise 73 percent of the South African population. Also

called bantustans or homelands, the reserves consist of bits of non-contiguous land resembling scattered pieces of a jigsaw puzzle when drawn on a map. Residents of the bantustans legally cannot live in white South Africa or stay there longer than 72 hours without hard-to-get permission from the South African government. Residents of the four "self-governing" homelands, which have declared "independence" from South Africa according to a plan set up by the South African government, lose their status as South African citizens when their homelands become "independent." South Africa, which props up the budgets and governments of the homelands, is the only nation in the world which recognizes the territories as sovereign countries.

Black employees of at least two U.S. mining operations — IMC and Union Carbide — work each day in white South Africa and then commute to their homes in the overpopulated, underdeveloped homelands. Whether they blast rock deep in a chrome mine or run a boiler in a hot ferrochrome plant, they work in the Republic of South Africa and then ride buses home in the evening to barren territories created by the white Pretoria government. In the eyes of South Africa's apartheid government, these are the only homes they have. Although IMC and Union Carbide have helped provide decent housing for African employees living in the homelands, they are prohibited from providing housing for these families where the workers might choose to live.

Apartheid Laws and U.S. Mining Companies

The apartheid laws affect U.S. mining companies at every turn, no matter how well-meaning they may be. For instance, in 1984 the largest black mineworkers union, the National Union of Mineworkers, won the support of a majority of workers to hold a union election at Union Carbide's vanadium operation. But since it is located in Bophuthatswana, one of the so-called "independent" homelands, the vanadium plant is subject to the homeland's laws. A recently passed Bophuthatswana statute now bars any South Africa-based unions from operating in the territory. Even though the homeland is entirely encompassed by South Africa, much of its budget comes from Pretoria and many of its residents work in South Africa.

Under apartheid's laws, companies cannot even avoid discriminating among the country's different disenfranchised ethnic groups. For instance, Newmont Mining, which has a minority interest in a copper mine in the Cape Province (where the majority of the "coloreds," or mixed-race, South Africans live) can provide its mixed-race workers with housing for their families. But because Pretoria's laws discriminate against Africans more than other non-whites, Newmont can only provide hostel housing for single African men at the mine. It is illegal to allow Africans to bring their families to live at the mine.

Until apartheid is dismantled, U.S. companies will be forced by South African law to discriminate against blacks. Black South Africans working for U.S.-owned mining companies will continue to labor under conditions that are, at the very least, an affront to human dignity and, at worst, life threatening. Denied the right to travel freely in the country of their birth, migrant mineworkers have no family life; commuters go home each day to impoverished, overcrowded territories. Denied the right to participate in South Africa's political process, blacks will have little power to change the course of their destiny. And yet, the daily labor of these black miners lines the pockets of white South Africa and further strengthens the white minority government that controls them.

NEWMONT MINING CORPORATION

Established in South Africa in 1928.

Number of Employees

White	4,616
African	10,703
Asian	1,979
Total	17,298

This total employment figure represents all employees at four companies in which Newmont has minority interests ranging from 40.2 percent to 10.3 percent. These figures include Newmont's South African and Namibian operations.

Total Assets

$86 million which constitutes 4.1 percent of Newmont's total worldwide assets as of December 31, 1985.

Total Sales

$640 million which represents the total sales of all four affiliates in which Newmont has minority interests.

Names of Affiliates

O'okiep Copper Co. (Newmont owns 40.2 percent); Tsumeb Corp. (32.6 percent); Palabora Mininga (28.6 percent); Highveld Steel and Vanadium (10.3 percent.)

Description of Operations

Newmont's first two mining interests in southern Africa — the O'okiep copper mine in the northwestern Cape Province, in which Newmont acquired a stake in 1927, and The Tsumeb copper mine in Namibia, acquired in 1947 — propelled Newmont into the forefront of the world's mining industry. Dividends from the highly profitable operations "profoundly altered Newmont's postwar economic position", according to company history. They enabled Newmont to invest in other major international mining ventures, including the Palabora copper mine in South Africa's Eastern Transvaal, now considered to be the most significant copper mining operation in the country, and Highveld Vanadium and Steel, the world's largest supplier of vanadium to non-Communist countries. Although depressed 1983 copper prices and debt owed for a capital expansion at O'okiep created income losses for Newmont at O'okiep and Tsumeb, Palabora yielded dividends for Newmont that year of $3.7 million on net income of 28.7 million. Highveld, which together with one other vanadium operation in South Africa supplies the U.S. with 44 percent of all of its vanadium imports, in 1983 yielded Newmont $1.5 million on net income of $20.1 million.

South African law prevents African workers from living with their families at mine sites. At the O'okiep mine in the Cape Province, a law favoring so-called "colored," or mixed-race persons, requires the company to hire Africans only when no qualified colored workers are available.

Strategic Role

Mineral sales have been the heart of the modern South African economy. In 1981, mineral sales constituted 17 percent of the country's gross national product and earned two-thirds of South Africa's total foreign revenues. South Africa earned $149 million in 1982 in export sales of copper, supplying two percent of the world's copper. The country has the world's largest known reserves of vanadium, a metal strategic to the world's aerospace and defense and energy industries because of its use as an alloy in high-strength steels. South Africa is the largest supplier of vanadium to non-communist countries.

The South African mining industry has also had one of the worst labor practice records among South Africa's industrial sectors. African contract laborers working in the mines cannot live with their families at mine

sites. Though they are often working under very hazardous conditions, only in the last few years have blacks been allowed to organize unions at the mines.

History of Institutional Shareholder Action

(includes year and resolution topic)

1977 Namibia disclosure

1978 Namibia disclosure

1984 Implement or increase efforts outlined by Bishop Tutu or withdraw from South Africa

1985 Implement or increase efforts outlined by Bishop Tutu or withdraw from South Africa

Company Position

Newmont told shareholders in its 1984 and 1985 proxy statements that it is

> fully committed to a policy of equal, fair and competitive treatment of its employees throughout the world, including South Africa and Namibia. This commitment, and the corporation's presence in that part of the world, do not strengthen or support any political or social system, but rather provide a means of creating jobs and improving the level of skills, education and living for employees of all races.

Newmont said that withdrawal from the country would not enhance its influence in improving conditions for workers nor advance the purposes of Bishop Tutu, who is seeking labor mobility and the right of workers to live with their families near their place of work. Newmont told its shareholders that

> prudent conduct of its affairs (in South Africa and Namibia) must continue, as now, to be based upon local perception of the best interests of all employees, achievable increments of progress and a good faith commitment to fairness in dealing with all employees.

Defending Newmont's operations in South Africa during an August 1985 conversation with an ICCR official, Newmont reasoned that it is a minority shareholder in all four mining subsidiaries in South Africa and, therefore, Newmont, itself, makes no sales to the South African government.

Church Position

The Rockefeller Foundation report *(South Africa: Time Running Out, 1981)*, which recommends that U.S. corporations "commit themselves to a policy of non-expansion, implemented on a voluntary basis," stipulates that "the creation of job opportunities for blacks should not by itself justify an exception to the ban." This is one of Newmont's major defenses of its role in South Africa.

Despite Newmont's commitment to "equality", it should be noted that facilities at its O'okiep operation remain segregated. Newmont also provides white and colored employees with health care benefits which cover their dependents, but does not provide this to its African employees.

Furthermore Newmont refused to develop a policy of no expansion. According to the company

> The proper management of an investment requires that decisions regarding expansion and additional investment be made on the basis of all relevant factors, not solely by reference to social policies or political considerations. Whenever a natural resource opportunity may arise, a thorough study of prevailing conditions should be determinative and must be preferred to the establishment of blank prohibition.

In fact, in the company's 1983 annual report, Newmont makes reference to possible additional investment in its Southern African operations. According to the 1984 *Proxy Issues Report* (Investor Responsibility Research Center),

> for a discussion of O'okiep's financial difficulties, Newmont concludes that O'okiep's "financial position will remain precarious without further infusion of equity capital."

Finally, church investors argue that while Newmont is a minority shareholder in four South African mining subsidiaries, it nonetheless profits and is therefore complicit in the exploitative practices of those mines.

Other Publications on South Africa Available from ICCR

— **The Financial Implications of Divestment: A Review of the Evidence,** by Fantu Cheru. Summary of studies for state and institutional divestment; proposes divestment criteria; June 1984, $5.00 plus $1.50 postage.

— **U.S. Church Positions on Divestment,** regularly updated packet, $6 plus postage and handling.

— **What the Banks Say On South Africa,** bank statements on their South African lending policies, May 1985, $3.00 plus $1.00 postage.

— **Current Issues Facing American Corporations In South Africa,** remarks from a symposium of corporate and church officials with observers on September 28, 1981, $3 plus $1.50 postage.

— **History of ICCR Resolutions on South Africa,** by Hannah Barnes and Fantu Cheru, August 1984, $5.00 plus $1.50 postage.

Corporate Examiner briefs (bulk rates available):

— **"The South Africa Divestment Campaign: A View from South Africa"** , by Paul Wilson, Diane Bratcher and Herb Gunn, (Vol. XIV: No. 3, 1985), $1.

— **"Divestment for South Africa: An Investment in Hope"**, (Vol. XIV: No. 1, 1985), $1.

— **"Apartheid's Bankers"**, April 1982, $.60.

— **"Symposium on Current Issues Facing American Corporations in South Africa"**, February 1982, $.60.

— **"Rands for Racism: The Marketing of South African Krugerands"**, December 1980, $.60 bulk rates available.

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United Democratic Front Condemns Foreign Investment In Apartheid

Following are excerpts from a resolution adopted at the United Democratic Front Annual Conference April 5-7, 1985:

We know that the U.S. government, through its policy of constructive engagement, is following its own economic interests. Foreign companies invest their capital in South Africa because of the huge profits they make through the exploitation of our people and the natural wealth of our land. This unashamed greed in support of the Nationalist Government [the white government of South Africa] by the governments of the U.S.A. and Britain is pursued at the expense and welfare and even the lives of the people of South Africa and cannot stop us in our march towards freedom.

We demand that foreign governments recognize the right of our people to live in a non-racial and democratic country. We believe:

That foreign investments do not benefit the oppressed and exploited people of South Africa but bolster the apartheid government;

That the present disinvestment campaign in the USA shows that the American people are neither fooled by the sham reforms of the Botha government nor the policy of constructive engagement;

That those who claim to believe in democracy have an obligation to support the just struggle of the South African people for liberation from oppression and exploitation and therefore resolve:

to demand an immediate end to U.S. and British collaboration with the apartheid regime;

to demand an end to the exploitation of the people and the natural wealth of our country by foreign investors;

to reject the argument that foreign investments benefit the oppressed and exploited of South Africa.

Finally we declare to all those accomplices in the crimes of apartheid that we will leave no stone unturned in winning support throughout the world to expose and end their ruthless treachery.

South African Government Declares State of Emergency

On July 21, 1985 the South African government declared a state of emergency in thirty-six magisterial districts of the Transvaal and East Cape. In less than three weeks, twenty-eight people had been killed by the police and 1,459 had been officially reported as arrested *(New York Times,* August 8, 1985). In addition to sweeping powers assumed by the police and military, the government has prohibited the mass funerals which have been the scene of antiapartheid political demonstrations by blacks.

Meanwhile, the treason trial of sixteen leaders of the United Democratic Front opened in South Africa only days after prominent civil rights attorney Victoria Mxenge was murdered outside her home. Mrs. Mxenge was to represent one UDF defendant. UDF supporters have attributed her murder to an officially sanctioned death squad *(New York Times).* The UDF, estimated to represent 1.5 million black opponents of apartheid, is the leading antiapartheid political organization in South Africa. The sixteen UDF defendants are charged with treason for allegedly forming an alliance with the outlawed African National Congress.

In Brandfort in the Orange Free State, not included in the state of emergency, police tear gassed and raided the home of Winnie Mandela, wife of Nelson Mandela who is serving life in prison for his leadership of the African National Congress. Police raided the house, where Mrs. Mandela runs a small clinic, after arresting thirty people at a demonstration in support of Mr. Mandela. Mrs. Mandela, who lives a severly restricted life under banning orders by the South African government, was in Soweto during the raid. A few days later the house was fire bombed.

Dr. Beyers Naude, general secretary of the South African Council of Churches, commented:

> The state of emergency which has been declared is a desperate act on the part of the authorities to stem the irresistable tide of liberation. The sweeping powers which the government has now assumed clearly reflect the crisis in our land. It is particularly alarming to note that the control of news which these powers give the authorities will add to the proliferation of dangerous and uncontrolled rumors. We are compelled to warn the government that these steps will not resolve anything. We are convinced that the unrest will increase, the killings will continue, the arrests will multiply, the anger will grow.
>
> The church has long called for the application of basic Christian norms throughout South Africa. It has long warned of the consequences of repression. The awful bloodbath, long prophesied is upon us.
>
> We once more appeal to the government: Heed our urgent call by releasing all political prisoners, by allowing the exiles to return, by listening to the voice of the authentic leaders. Only then will peace with justice come to our land.

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