

# CHURCH PROJECT ON UNITED STATES INVESTMENTS IN SOUTHERN AFRICA—1973

Proxy Statement for  
EXXON Corporation

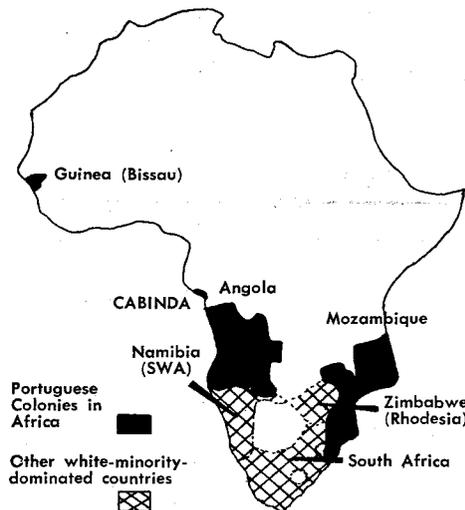
Church Project on United  
States Investments in  
Southern Africa — 1973  
475 Riverside Dr., Rm. 846  
New York, New York 10027

March 21, 1973

This proxy statement is furnished in connection with the solicitation of proxies for a proposal that will be presented at the annual shareholders' meeting of the Exxon Corporation (Exxon) to be held on May 17, 1973. The proposal was submitted to the management of Exxon by the Department of Education and Social Concern of the Unitarian Universalist Association of Churches and Fellowships in North America (UUA), owner of 6,000 shares of Exxon Corporation.

The resolution calls upon Exxon Corporation to establish a broad-based committee to fully examine the implications for both the company and for Angola of its proposed new investment in this Portuguese colony. The committee shall study and investigate a number of specific questions and make a public report to the Board within six months of the 1973 stockholders' meeting. (See Appendix A for the full resolution.)

The General Assembly of the Unitarian Universalist Association, meeting in Dallas, Texas, in June, 1972, passed a resolution on "Social Responsibility in the Investment of Endowment Funds," which designated as a principal priority the problem of "the role of American industry in the continuing exploitation and oppression of blacks in Southern Africa." The UUA has filed this resolution as a participant in the Church Project on U.S. Investments in Southern Africa — 1973 ("the Project"), an ecumenical coalition of Protestant church agencies concerned about the role of U.S. investment in Southern Africa, including Angola, Mozambique, Namibia (South-West Africa), Rhodesia, and South Africa. The Church Project will assist the UUA in the solicitation of proxies.



The UUA feels that this concern of its General Assembly can be most effectively acted upon by working with other denominations ecumenically. Therefore, the UUA has participated in the Church Project on U.S. Investments in Southern Africa — 1973.

The Project is a cooperative venture of boards and/or agencies of seven religious denominations and one independent organization, of Episcopal Churchmen.

Denominational participants in various phases of the Project include:

1) the Committee on Social Responsibility in Investments of the Executive Council of the Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the U.S.A.;

2) the United Church Board for Homeland Ministries, the United Church Board for World Ministries, the United Church Foundation, the Pension Boards, United Church of Christ;

3) the Board of Christian Education of the United Presbyterian

Church in the U.S.A., the Southern Africa Task Force of the UPUSA, the Commission on Ecumenical Mission and Relations of the UPUSA, the Board of National Missions of the UPUSA;

4) the Department of Education and Social Concern of the Unitarian Universalist Association (of Churches and Fellowships in North America);

5) the World Division of the Board of Global Ministries of the United Methodist Church, the Women's Division of the Board of Global Ministries of the United Methodist Church;

6) the American Baptist Board of Education and Publication, the American Baptist Home Mission Societies;

7) the National Council of Churches of Christ in the U.S.A.; and

8) the Episcopal Churchmen for South Africa.

Each of the seven denominations represented in the Project has on the national level a variety of boards, agencies, funds, pension plans, etc. No attempt has been made to canvass all these boards, agencies, etc., to invite them to join the Project or to support this stockholder resolution. Participants in the Project are not attempting to speak for or represent any other national boards/agencies, local churches or individual Christians but to represent themselves and to act responsibly as institutional investors.

The Project itself does not own any stock in corporations since it is essentially an ad hoc coalition of church agencies concerned about the role U.S. corporations play in Southern Africa.

The proposal will be included in the Corporation's proxy statement,

which will be furnished to each shareholder. Each shareholder may vote for the proposals on the Corporation's proxy. No separate form of proxy is furnished with this statement.

## **PURPOSE OF SOLICITATION**

### **Introduction**

In a letter to Congressman Charles Diggs, Chairman of the House Subcommittee on Africa, on October 26, 1972, Exxon Corporation confirmed that Esso Exploration, Inc., its worldwide exploration subsidiary, had applied to the Portuguese government for rights to explore for oil offshore Angola. At this time the Project has no knowledge of the projected size of this investment.

The Project believes that the proposed investment of Exxon Corporation in the Portuguese colony of Angola has very serious implications for the fight for independence in Angola. If Esso Exploration, Inc., were to be granted a license from Portugal to explore for oil offshore Angola, this would contribute to Portugal's continuing control of these African colonies. This investment may also jeopardize the public reputation of Exxon Corporation in Africa and the U.S.A. The Project therefore believes that it would be prudent for the directors of Exxon Corporation to establish a broad-based committee to fully examine the implications of this proposed new investment both for the company and for Angola. The seriousness of this proposed investment merits an in-depth scrutiny of the pros and cons of such a move.

### **Portuguese Colonialism**

Portugal today stands as an international anachronism ruling from Lisbon the last old-style colonial empire left in the world. Her African empire has a 500-year-old history characterized by a master/servant relationship. Since 1961, African independence movements have been challenging Portuguese control by armed rebellion, much as American patriots in the 1770's re-

volted against overseas political control and exploitation. While the "winds of change" have blown over Africa bringing independence for most of the continent, Portugal has steadfastly refused to turn over its colonies to black rule.

Typical of the cruelty and exploitation throughout the history of Portuguese colonialism was the slave trade, which, until the 1830's, extracted 3 million slaves from Angola. Slavery was replaced by the use of forced labor, a system finally abolished in 1960, which pressed Africans to work on Portuguese farms and in Portuguese industries.

African culture and traditions have been treated with scorn by the Portuguese.

Until 1961 the African population was divided into two categories on a racial basis: "assimilated" Africans, who were entitled to full rights of Portuguese citizenship, and "indigenous" or "non-civilized." In order to gain "assimilated" status Africans had to be fluent in Portuguese and become "black Portuguese." After 500 years of Portuguese rule only 1% of the African people had reached this "assimilated" status. Such a policy was inherently racist, based on the belief that Europeans were advanced and civilized. This philosophy still continues. The present commander of Portuguese forces in Mozambique, General Kaulza de Arriaga, said in a series of lectures on colonial policies: "Our national objective is to maintain white dominance in Angola and Mozambique."

Furthermore, while racial discrimination is not enforced by law as in South Africa, Africans have been assigned *de facto* to be hewers of wood and drawers of water, while the Portuguese benefit from their labor and the resources of the colony. Africans in the colonies still face conditions of poverty, illiteracy and exploitation of labor as a result of their skin color. Political opposition in the colonies is crushed by official government censorship, restricted voting rights, severe limitations on union activity

and a highly effective secret police force.

However, the central question, in the opinion of the Project, is not solely the conditions under which the African majority lives but the fact that they are colonized in their own land. Certainly the justification for America's break from Britain in the eighteenth century was the right of Americans to tax and govern themselves. Africans in Angola, Mozambique, and Guinea-Bissau are asking for nothing less.

### **The Fight for Independence**

The African response in all the Portuguese colonies has been the decision by African nationalists during the 1960's to take up arms to bring about independence and self-determination to their land. In Guinea-Bissau, the African Party for the Independence of Guinea and Cape Verde (PAIGC), the African liberation movement, controls over two-thirds of the countryside of the small West African colony, and in Mozambique, the Mozambique Liberation Front (FRELIMO) has been estimated to control one-fourth of the land area of that colony. In Angola, the People's Movement for the Liberation of Angola (MPLA), one of the more successful movements pushing for self-government, reportedly is active in more than half the districts of the colony. (As used here, "control" indicates the establishment of a governmental infrastructure and the provision of certain health, education and welfare services to the local population.)

Speaking before the UN Fourth Committee in October 1972, Marcelino dos Santos, Vice President of FRELIMO, explained that more than a million people lived in the liberated areas, which covered one-fourth of the country.

Also in an appearance before the UN Fourth Committee, the late Dr. Amilcar Cabral, Secretary General of the PAIGC, stated that three-fourths of the national territory of Guinea-Bissau had been freed from Portuguese colonial domination and two-thirds brought under effective

control. This meant "in concrete terms that in most of the country the people had a solid political organization — that of PAIGC — a developing administrative structure, a judicial structure, a new economy free from all exploitation of the people's labour, a variety of social and cultural services (health, hygiene, education) and other means of affirming their own personality and their ability to shape their destiny and direct their own lives," Dr. Cabral said. (Amilcar Cabral, October 19, 1972, United Nations.)

Similarly, in Angola people in the regions that are under African nationalist control are rebuilding a society where health, education, and welfare facilities are available to Africans. For the first time Africans are able to have their own government, which makes decisions according to their wishes rather than the will of the Portuguese.

An additional indication of the serious nature of the liberation movement's fight is the fact that Portugal has approximately 150,000 troops fighting in Africa against African nationalists to maintain its colonial empire.

These movements for independence have gained recognition and support during the last several years.

Added to the direct grants of economic aid by African states through the Organization of African Unity have been various grants by Scandinavian governments. The World Council of Churches and numerous U.S. and European church bodies have also made grants for the humanitarian work of these movements.

Diplomatic victories at the UN also indicate the growing strength of the movements.

At the 1972 session of the United Nations General Assembly the nations of the world overwhelmingly affirmed that the "national liberation movements of Angola, Guinea (Bissau) and Mozambique are the authentic representatives of the people of those territories." The vote was 98 to 6.

Furthermore, representatives from FRELIMO, PAIGC, and MPLA

were granted the status of observers by the UN General Assembly Fourth Committee, which deals with decolonization. In the opinion of the Project this official observer status symbolized the fact that the UN felt strongly that only the liberation movements could speak for the hopes and desires of the millions of Africans living in colonized areas. The colonizer, Portugal, can only speak for its interests, not with the interests of the colonized at heart.

The Project believes that one must also consult the views of the liberation movements on the issue of foreign investment in the colonies. All of the three major movements seated as observers during the last session — MPLA, PAIGC, FRELIMO — have clear policies on this matter. Their position is that foreign investment only serves to strengthen Portugal as it fights against the nationalists and, therefore, such investors should be pressed to withdraw and future investment should be stopped. Amilcar Cabral, former leader of PAIGC, has stated, "At this moment to invest in Angola, Mozambique, or Guinea-Bissau is to support the colonial war, Portuguese colonialism, and the domination of the black majority by the white minority. In reality this becomes support for racism."

Dr. Cabral argued that companies should wait until independence comes and then ask for the right to invest. "It is not true that investment in Angola, Mozambique, and Guinea-Bissau at present is to help our people. Companies should know that at this point any investment reinforces the position of the Portuguese economically."

Dr. Neto, President of MPLA, argued in a similar fashion to a representative of the United Church of Christ in 1970: "Investment by U.S. corporations such as Gulf Oil can only help the Portuguese as they fight us and reinforce their determination to stay in Angola."

We believe that representatives of the liberation movements should be consulted before Exxon finally invests in Angola and therefore

have suggested that representatives sit on this special committee. This is certainly in the best interests of Exxon as well. To invest in an area that will be independent of the mother country in the near future without consultation with the future governments of that territory is to purposefully invite hostility and opposition.

## **The Role of Foreign Investment in Angola**

Exxon's proposed investment in Angola would help strengthen Portuguese colonialism in Africa in a number of ways. First of all, Exxon would have a contract with Portugal, which is a European country occupying portions of Africa. All taxes and royalties would be paid to the Portuguese authorities for their use. Portugal, the poorest country in Europe, spends almost 50 percent of its budget on defense, primarily to fight its colonial wars in Africa. This is a major drain of resources for a country with meager national assets and a per capita income of only \$300 per year.

Portugal's military budget in Angola was approximately \$68,500,000 in 1971, according to United Nations figures. Therefore, tax payments and royalties such as Gulf's, which were estimated by Project participants to equal \$50,000,000 in 1972, could have a significant impact on Portugal's ability to contain the liberation movement in Angola. Payments in foreign exchange from corporations like Exxon are badly needed to support these military expenditures. Payments from Exxon's proposed Angolan investment would inevitably subsidize Portugal as it fights these wars. We do not argue that Exxon voluntarily wishes to support colonialism but that by investing in Angola Exxon would inevitably wind up economically strengthening Portugal and Portuguese colonialism.

Exxon's investment would also be of political benefit to Portugal. Such American investment provides a vested interest in the status quo in Angola. A corporation finds

itself unwilling and unable to criticize or disagree with its business partner, the government of Portugal, and therefore becomes a sympathetic interpreter of Portuguese colonialism in Africa. For example, Gulf Oil Corporation still calls the colonies "overseas provinces," a term used by Portugal to legitimize its military occupation of Africa. Gulf is unable to correctly call Angola a colony, since this would jeopardize its friendly business relationship with the Portuguese government. Therefore, Gulf uses terms such as these and tries to paint Portuguese colonialism in as favorable a light as possible. Exxon would have to act similarly as a good corporate citizen in Angola.

Exxon would also find that Portuguese troops in Angola would be pledged to defend its operations there against nationalist military activity in the area. Therefore, Exxon and Portugal would become military allies against those Africans fighting for independence.

Finally, Exxon's investment would increase Portugal's incentive to hold onto its oil-producing colony at any cost.

As William R. Cotter, president of the African American Institute, put in a recent memorandum to institutional investors: "There can be no doubt that the oil and mineral wealth discovered in Angola and Mozambique during the past ten to fifteen years has immensely increased the value of those territories to the Portuguese. This increase in value undoubtedly accounts in part for the tenacity with which the Portuguese are trying to hang on to their African colonies. At the same time, it is also likely that U.S. business investment, and particularly the enormous investment of Gulf Oil in Angola, has directly contributed to the ability of the Portuguese to pay for the war, has strengthened the balance of payments for Portugal and has made the colonies ever so much more valuable than they would be without that (or comparable) investment."

For these and other reasons the United Nations General Assembly

and its special committee on decolonization has passed resolutions on numerous occasions focusing on the role of foreign companies in colonial areas. For instance, on January 15, 1971, the General Assembly passed a resolution containing the following clause: "Affirms that foreign economic, financial and other interests operating in colonial territories constitute a major obstacle to political independence as well as to the enjoyment of the natural resources of these territories by the indigenous inhabitants."

Exxon management should take these UN pronouncements seriously as they make plans to invest in the Portuguese colonies.

We believe that Exxon's proposed investment in Angola would not only provide aid to the shaky Portuguese colonial system but would also directly and adversely affect the lives of the millions of people in Angola, Mozambique and Guinea-Bissau who are working for political control over their own countries and resources.

## **IMPLICATION FOR EXXON OF INVESTMENT IN ANGOLA**

### **The Image of the Company**

We believe Exxon's image may be seriously harmed both in the U.S. and internationally by opening an operation in Angola.

In the U.S. there has been increased concern over U.S. corporations investing in Southern Africa. On African Liberation Day, May 27, 1972, tens of thousands of black people marched in Canada and the U.S. to show their support for independence and majority rule for Southern Africa. Critical mention was made of Gulf Oil Corporation for its massive investment in Angola at rallies on that day.

Boycotts of Gulf products have arisen because of its Angola operation. The Gulf Boycott Coalition of Dayton, Ohio, successfully urged the Dayton City Council to refuse a bid from Gulf because of its minority-hiring policies in Ohio and its involvement in Angola.

Black students at Harvard occupied the university administration building, demanding that Harvard sell its Gulf stock and oppose Gulf's involvement in Angola. A Gulf boycott is being started in the black community for this reason. For the last three years church representatives have attended the Gulf stockholders' meetings to challenge Gulf's investment in Angola. Considerable negative publicity for Gulf has been the result.

We believe that an astute Exxon management should be able to read these signs. Our management should not put us in the same position where Exxon's public image is damaged by an Angolan investment.

It should also be noted that Congressman Charles C. Diggs, Chairman of the House Foreign Affairs Subcommittee on Africa, and twenty-six other members of Congress sent a letter to Gulf in 1971 calling on Gulf Oil to withdraw from Angola for many of the reasons outlined previously. Exxon may face similar Congressional opposition if it invests in Angola.

Such an investment also has serious international implications. The Organization of African Unity has spoken out against Gulf's role in Angola. Protests against Gulf have erupted in Holland, Denmark, and Nigeria. Exxon should carefully evaluate the negative effects internationally that an Angolan investment might cause. Both in the U.S. and internationally, Exxon's image may be badly tarnished by this proposed investment.

## **CONCLUSION**

The Project believes that there is considerable evidence that should cause Exxon management to pause and carefully study its proposed investment in Angola. The resolution we have submitted would establish a broad-based committee to fully examine the implications of this new investment. The committee will carefully study a number of issues and prepare a public report to be submitted to the Exxon Board within six months of the stock-

holders' meeting. So that the study will be thorough and impartial, the committee will be composed of a broad variety of groups with a definite interest in this investment. The committee will report on ways in which this investment would support Portuguese colonialism, the effect of this investment on the company's reputation internationally, the facts of the contract that would be established between Portugal and Exxon — e.g., what payments would be required, what military contributions expected.

The Project believes that Exxon's management has failed to take adequate account of the adverse impact of its investment on the process of decolonization in Africa and has not adequately considered the effect of its Angolan activities on the international goodwill of the corporation. Exxon could damage its image in the U.S., particularly in the black community, by this investment.

Shareholders who feel Exxon should study this proposed investment more thoroughly before finally committing the company and the stockholders' money should vote yes for this proposal.

### Miscellaneous

The Project has requested each of its participants and their respective staffs, alone or in conjunction with others, to solicit support for the resolution described herein. The cost of the personal solicitation is not known but is expected not to exceed \$1,000. The Church Project will seek the support of others in soliciting support for the proposal described here. In this connection, the Church Project will especially seek such support from other religious denominations or groups, as well as from institutions such as universities, foundations, etc.

The cost of solicitation will be borne by the Project except in so far as participants in the Project and others who may cooperate with the Project in this solicitation may pay their own expenses. The Project derives its own funds from the

contributions of participants and of others interested in its work.

The Project will not attempt to disseminate this Proxy Statement to each shareholder of the corporation since to do so would be too costly. It will seek to contact selected shareholders of the corporation by mail, in person, or otherwise, and when it does so it will furnish a copy of this Proxy Statement. However, a copy of the applicable resolution, together with a short statement in support, will appear in the Proxy Statement of Exxon. Consequently each shareholder will have the opportunity to vote on the applicable resolution.

Shareholders may attend the annual meeting of the corporation and may vote their shares in person. Shareholders may also vote by proxy and an opportunity is presented on the corporation's form of proxy to allow shareholders to vote on the proposal described herein. They may vote in favor of this proposal by indicating their approval of the proposal in the appropriate box on the corporation's Proxy Statement and by executing and returning the proxy to the management of the corporation. In addition, the Project may, in some instances, provide its own form of proxy concerning this proposal, which may be executed and returned to the Project. Any person giving a proxy to management may revoke it at any time prior to its exercise either by giving notice of revocation to the Secretary of the appropriate corporation or by executing and returning a subsequently dated proxy. Also, persons giving a proxy to the Project may revoke it at any time prior to its exercise either by giving notice of revocation to the Project or by executing and returning a subsequently dated proxy. The effect of a shareholder executing and returning the Project's form of proxy after he has already executed and returned the corporation's proxy will be to revoke his prior proxy solely as to the proposal described here and will not have any effect on the other matters on which the shareholder has already voted via the corporation's proxy. Each share is

entitled to one vote. The vote of a majority of those shares voting will be necessary to approve the resolutions described here. The number of shares entitled to vote in the case of each corporation is not known to the Project but will be found in the corporation's Proxy Statement. The record date for determining which security holders are entitled to vote at the annual meeting is also to be found in the corporation's Proxy Statement. Any proxies which the Project receives will be voted at the meeting in accordance with the directions given by the shareowner.

### APPENDIX A

**WHEREAS** Exxon Corporation has applied for rights to explore for oil offshore the Portuguese colony of Angola,

**WHEREAS** a war for independence from Portugal is being fought in Angola,

**WHEREAS** the World Council of Churches, the Organization of African Unity, the United Nations General Assembly and many governments, private organizations, and individuals support this fight for independence,

**WHEREAS** foreign investment only serves to assist Portugal as it fights to control these colonies through military force,

**WHEREAS** Gulf Oil Corporation has been publicly criticized by numerous individuals and organizations for its sizeable investment in Angola,

**WHEREAS** the proposed investment by Exxon Corporation could seriously damage the company's public image and could jeopardize sales both in the United States and overseas,

**WHEREAS** stockholders deserve an in-depth examination of such an investment,

**BE IT RESOLVED** that the shareholders of Exxon Corporation recommend to the Board of Directors that the Board establish a broad-based committee to fully examine the implications for both the company and for Angola of its proposed new investment in this Portuguese

colony. The committee shall have the following functions, structure and duties:

1. The Committee shall consist of no less than 15 and no more than 20 persons to be appointed by the Board of Directors. The members of the Committee shall include representatives of Exxon Corporation, representatives of African independence movements from Angola, Mozambique and Guinea-Bissau, labor, religious organizations and black community

organizations.

2. The Committee shall study and investigate a) the extent to which the Company's proposed investment will contribute to the maintenance of Portuguese control in this area, b) the effect of this proposed investment in the colony of Angola upon stockholder investment, customer goodwill and the good reputation of Exxon Corporation internationally, c) the possibility of future losses to shareholders if the proposed oil operation were

to be nationalized upon independence, d) the relationship between the company and the Portuguese government with regard to the proposed Angola operation, including monetary payments expected by the Portuguese and military protection to be provided by the Portuguese.

3. The Committee shall prepare recommendations and make a public report to the Board within six months of the 1973 stockholders' meeting.