REPRESSION IN SOUTHERN AFRICA

An Indictment of Harvard University

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Committee

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STATEMENT OF PURPOSE

The Problem

African men, women and children are being napalmed, machine gunned and bombed daily in Angola and Mozambique. They are the victims of the all out military effort being waged by the Portuguese government against the determined liberation movements within its colonies.

Portugal is using all of the most advanced Western military machinery in an attempt to regain those portions of these territories which have been liberated and to retain those areas which they now hold. At the same time the government has subjected the people left in the Portuguese held areas to atrocities and repressive tactics as inhuman as those practiced in the Republic of South Africa.

The Portuguese government does not bear the sole responsibility for the suffering and death which plague the people of Angola and Mozambique. Although these policies are instituted by the Portuguese government, were it not for the economic and military support of the Western powers, that government would be totally incapable of implementing such policies and resisting the liberation armies within the colonies. In short, only through the support of institutions like Harvard University can Portugal maintain its colonial empire.

Harvard's Role

The connection between Harvard and Portugal is very simple and clear. Harvard invests in American corporations which are operating in the Portuguese colonies. For operating in these colonies, these corporations are required to pay vast amounts of money to the Portuguese government. This money is then used by the Portuguese government to finance their wars against the freedom fighters of Angola and Mozambique. Last year half of the total government budget of Portugal went toward the war effort.

There are, therefore, three important links in the chain which holds the people of Angola and Mozambique in bondage; (1) the Portuguese government (2) the corporations operating in the Portuguese colonies, and (3) the persons and institutions that own the stock of these corporations.

Five hundred years of colonial rule have shown that the Portuguese government is not interested in liberalizing its policies. The negative response of big business to requests that they stop doing business in these areas shows that the corporations are not likely to change their policies as a result of moral pressures. Therefore, it is necessary for the third link in the chain, the stockholders, to take definite steps to stop the investment of American money in the Portuguese colonies.

The Solution

Upon being apprised of the significance of investment in Angola and Mozambique the logical conclusion is that Harvard should divest of any stock in companies operating in those territories. Therefore a first step might be taken now with an ultimate goal of total divestiture of stocks in companies supporting colonialism in Africa.

As a first step Harvard could divest its Gulf Oil Co. stock. In as much as Gulf Oil is the largest American investor in Portuguese Africa and Harvard University is the largest university shareholder of Gulf stock, a divestiture accompanied by (1) a public statement of the reason for this divestiture, (2) an appeal for other stockholders to do the same, and (3) a statement of Harvard's intent to follow this with similar actions against other corporations would be a meaningful act in support of freedom and self-determination for people everywhere.

The information which follows gives all the details of (1) the Portuguese colonization of Africa, (2) the coming of Gulf Oil and the other American companies to the Portuguese colonies,(3) Harvard's specific financial involvement in each of these companies, and (4) why divestiture is the only meaningful contribution Harvard can make to the people of Angola

and Mozambique. A reading of this material is essential for a thorough understanding of the need for a complete and immediate discontinuance of economic involvement in Angola and Mozambique and why it is necessary for Harvard University and institutions like Harvard to lead the way.

INTRODUCTION

On March 5th 1971, the conclusions of the Harvard Committee on University Relations on Corporate Enterprise were released, prescribing a fundamental philosophy for the investment activities of Harvard University. These conclusions, contained in what is commonly referred to as the Austin Report, urged that the University be guided by a philosophy designed to realize maximum return on all monies invested.

Underlying the report's emphasis on financial return as the fundamental investment criteria are repeated references to the restricted nature of Harvard's "mission" as an educational facility and the constraints which such a role places upon morally sensitive and socially responsible handling of investment capital. Harvard's adherence to the limitations of a "special purpose organization with endowments which can be used only for the purposes for which given"[1] seems to imply some assumptions concerning the moral and social attitudes of its benefactors as well as a reluctance to publicly assert a financially damaging position.

Nevertheless, one of the conclusions contained in the report states that there exists conflicting criteria for institutional investment policy; criteria which recognize the extent to which the activities of corporate enterprises are "contrary to fundamental and widely shared ethical principles."[2]

It should be apparent, in the most casual interpretation of ethical standards, that many of the financial associations of Harvard University stand clearly in violation of such criteria and that the time has come for a thorough and critical examination of Harvard's relationship to the welfare of the society in which it exists.

By engaging in investments in corporations whose profits are tied to subjugation of African peoples, Harvard has demonstrated a marked lack of concern for the struggles of these people to expel the forces of Western economic control. Although this document will discuss Harvard's economic affiliation with numerous corporations currently operating in Southern Africa, it will concentrate upon one case which is of special concern; Gulf Oil Corporation's lucrative oil drilling concession in the Cabinda region of Angola, which contributes substantially to Portugal's efforts to perpetuate colonialist control of the African people.

PORTUGAL IN AFRICA

To fully appreciate the significance of Gulf's presence on Angolan soil, it is important to understand some aspects of colonial administration of the Portuguese African holdings. The consequences of present Western economic interference in Angola are strongly related to some historical peculiarities surrounding Portugal's colonial policy.

Portugal's initial contact in Africa occurred in northern Angola in 1483 near the mouth of the Congo river. The early years of Portuguese interference among the Ngola peoples (from which the region derived its name) were marked by extensive slave trading which, except for intense resistance before 1600, continued essentially unchecked until the middle of the 19th century. Although original Portuguese explorers were driven on by the greed for precious metals, the immensely profitable slave trade quickly became the foundation for the economic exploitation of Angola.

The ruthlessness which characterized the actions of expansionist Portugal at this time should not be surprising since the Pope in 1452 granted to the king of Portugal "full rights to capture the Saracens, pagans, and other infidels in your properties .... to subjugate them and reduce them to perpetual slavery".[3] So extensive was the Portuguese slave trade that by 1830 over 3 million African people had been removed from their land to be sold.[4]

Meanwhile, in Mozambique, the economic framework developed somewhat differently. After their arrival in 1498, the Portuguese wrested an existing trade network from the Arabs, who had controlled the exploitation of East Africa from Malindi to the coast of what is now Mozambique. Ivory, gold and

precious stones formed the basis of Portugal's economic activity and led to a firmly entrenched commercial establishment along the coast of Mozambique. Although their political authority was limited to the coastal region, Portuguese merchants gained a monopolizing role in commerce from the interior which continued for more than 200 years. Except for limited attempts to forcefully colonize the Angolan coast between 1565 and 1592, both regions were exploited in a casual fashion for more than four centuries. The fact that Portugal enjoyed unchallenged access to these areas during this period made it unnecessary for her to seek formal political control beyond the coastal strips of both Angola and Mozambique. Moreover, intense tribal hostilities in the interior would have made such a policy impractical if not impossible. The primary usefulness of Angola continued to be as a reservoir of slave labor, while in Mozambique the slave trade expanded to economically compensate for the temporary loss of the northern coastal trading areas to Arab merchants around 1700.

Portugal's policies toward her African holdings underwent radical change toward the end of the 19th century. Following the Berlin Conference of 1884-85, which provided for the systematic partitioning of the African Continent (and which is the premise upon which Portugal currently justifies her "legal" retention of all of her African territories),

Portugal set out to secure the areas assigned to her. Military forces infiltrated the interior of Mozambique, establishing a network of control which resulted in an effective colonial stronghold at the turn of the century. Although considerably stronger tribal resistance was encountered in Angola, the inland peoples were ultimately subdued and a firm Portuguese hegemony was established by the early part of the twentieth century.

Attempts were subsequently made to stimulate the development of the colonial economies through the leasing of large tracts of land to private Portuguese investors who were granted an unlimited mandate for economic exploitation. While they enjoyed unquestioned control of mineral and agricultural rights, and the lives of the African inhabitants, these companies realized only token profits during the first half of the twentieth century. Portugal's limited resources did not permit full exploitation of the economic potential of the colonies, and mineral wealth remained largely undiscovered until the 1960's.

Thus Angola and Mozambique, representing a combined area somewhat larger than Alaska, have been economic props for poverty stricken Portugal for most of her 480 year occupation of these territories. The ruthless and racist policies with which Portugal pursued the management of these areas was strongly manifested in the rigid domination and cultural repression which led to open rebellion of the Angolan people in 1961. These insurgents were joined by Mozambican revolutionaries in 1964 and Portugal began to desperately cast about for economic support in order to maintain the colonial system.

The combined efforts of the various African liberation organizations had produced a military situation far too complex and expensive for Portugal to manage alone. The African Party for the Independence of Guinea and Cape Verde Islands (PAIGC), the Mozambique Liberation Front (FRELIMO), and the Peoples Movement for the Liberation of Angola (MPLA) have respectively mounted intense guerilla operations. Portuguese efforts to subdue these operations have consumed a massive outlay of resources.

These growing military expenditures became a costly burden which Portugal could ill afford; finally, in 1965, Portugal reversed her traditional policies and openly encouraged foreign investment in the "overseas provinces" in order to help stabilize her economy.

In search of profits, many American investors quickly rushed to fill the void, entering into trade agreements which concentrated on mining, manufacturing, and agricultural processing. Some trade agreements included provisos which allow Portugal to exercise complete control over raw material production in the event of a military emergency. Thus, both directly and indirectly, U.S. business interests contribute to the oppressive, racist policies with which Portugal has supervised the control of African land. Furthermore, the unchallenged actions of these firms indicates the tacit endorsement of Portuguese policy by the United States Government itself.

HARVARD UNIVERSITY: INVESTMENT POLICY

Through its investment policies, Harvard University has exhibited a complete disregard for the human rights of African people by its continued economic support of the Republic of South Africa and of Portuguese colonialism in Angola and Mozambique. The racist apartheid policies of the Republic of South Africa are a matter of common knowledge and no attempt shall be made to elaborate upon them in this paper. However, our failure to deal with those practices in this paper should not be interpreted as a judgment that the problems we are presently addressing are more important than those existing in South Africa. We equally condemn apartheid in South Africa and colonialism in Angola and Mozambique. Moreover, world opinion, as expressed by the United Nations, is also clearly opposed to these policies and to the governments of Portugal and South Africa which perpetuate them. Yet, Harvard University has no reservations about investing in companies which are making large profits as a result of these policies. For example, the Report of the Treasurer of Harvard University for 1970 reveals that of 183 common stocks invested in by Harvard University 54 of these companies had substantial investments in South Africa.

The continuation of investment in all of Southern Africa means only one thing---oppression and exploitation of the people of Southern Africa and their land.

During the relatively short period since the relaxing of Portugal's restrictions upon foreign investment in Angola and Mozambique

more than 30 U.S. companies have established ongoing operations which undergird the colonial economies. Among the companies operating in Mozambique and Angola are:

1. Caterpillar Tractor Company, Peoria Illinois
2. Chase Manhattan Bank, New York
3. General Electric Company
4. Getty Oil Company (via Mission, and Skelly Oil Co.)
5. Gulf Oil Company
6. I.B.M. World Trade Corporation, New York
7. I.T.T. (via Standard Electric)
8. Charles Pfizer & Company, New York
9. Standard Oil of California
10. Texaco Oil Co.
11. Union Carbide

Each of the above named firms has a substantial investment in Angola and/or Mozambique and as might be expected, they are all significantly involved in the Republic of South Africa. However, the most significant characteristic that all of these companies have in common is that Harvard University holds a substantial amount of the stock in each of them. Specifically, Harvard's holdings are as follows:

Stock	No. of Shares	Book Value (in 1970)
Caterpillar	165,482	$5,729,814
Chase Manhattan	40,020	1,690,845
General Electric	99,039	6,685,132
Getty Oil	107,000	4,601,000

Stock	No. of Shares	Book Value (1970)
Gulf Oil	671,187	$15,437,301
I.B.M.	187,408	46,852,000
I.T.T.	40,413	1,394,248
Pfizer	13,500	406,687
Standard Oil of California	190,380	7,662,795
Texaco	770,259	20,026,734
Union Carbide	69,644	2,359,248
Total Investment in companies operating in Angola & Mozambique		$ 112,845,746

As might be expected, the degree of involvement with the Portuguese military effort varies appreciably among companies. Caterpillar supplies agricultural and heavy equipment.[5] Chase Manhattan is associated with Banco Totta Alianca of Portugal and Banco Totta Standard of Angola S.A.R.L.[6] General Electric provided a credit loan of $1.2 million dollars in 1967 to aid in the mining of iron ore at Cassinga, Angola. Getty Oil's subsidiary, Skelly Oil, in a consortium with Sunray (Sun Oil) and Clark Oil was granted a 3 year, 14.4 million acre oil, on-and off-shore, prospecting concession by the Portuguese Government, October, 1967. They contracted to spend $3 1/2 million in 3 years by January, 1970. After 2 years of exploration and off-shore test drilling Sunray became optimistic about prospects and estimated a cost of $6-7 million for its current drilling program.[8] I.T.T.'s subsidiary, Standard

Electric opened a plant near Lisbon in 1968 which manufactures electronic components, and its first main project will be to improve Portuguese communications systems in Lourenco Marques and Beira, Mozambique.[9] Texaco was granted concessions in January, 1968 and has joint agreements with Angol (Portuguese and South Africa controlled Oil Company) and with Petrangol (Portuguese, Belgian control) for oil prospecting in the Congo area of Angola, on- and off-shore. The joint Angol-Texaco group is expected to invest $5 million in deep sea oil research by 1975. The joint Petrangol group has invested $10.5 million during the period between June 1968 and June 1971 and Texaco is also a large fuel dealer in Angola. Furthermore, in an area of Mozambique currently under Frelimo control, Texaco had been granted a 3 year oil prospecting concession when last reported.[10] I.B.M. and Pfizer are currently marketing manufactured goods.[11]

While it is conceded that these firms are involved in Portuguese colonies to varying degrees, any involvement indicates the possibility of expansion. A case in point is the involvement of the Gulf Oil Company. Gulf Oil is the largest single American investor in Portuguese Africa. It began prospecting in Cabinda in 1954, made its first oil strike in 1966 and had invested $130 million by the end of 1969 in developing the most profitable oil venture in Portuguese Africa. Gulf, the sole concessionaire in Cabinda, is planning further massive expansion (a projected $76 million)[12] in the immediate future and regards Cabinda as "one of the major growth areas in the corporation".[13]

It must be pointed out that 90% of Cabinda was brought under the control of the People's Movement for the Liberation of Angola (MPLA) in 1961, and during that time Gulf's Cabinda operations were suspended.[14] However, the government eventually recaptured Cabinda and since Gulf's large oil find in 1966 the government has made increased efforts to "pacify" Cabinda. The "pacification" program was an integral part of the contract between Portugal and Gulf as is reported by the following excerpt from Africa Today.

> Thus the Portuguese were carrying out their side of the contract with Gulf Oil, for in the contract they specfically agreed to undertake such measures as may be necessary to ensure the Company may carry out its operations freely and efficiently, including measures to permit the Company the use of and free access to public land such measures as may be necessary to prevent third parties from interfering with the Company's free exercise of its contractual rights.[15] Further the authorities agree to provide military guards to protect oil fields if special security measures prove necessary. Complimentary to these security measures all foreign company contracts now stipulate that the company involved is bound to support the Portuguese Government in securing peace and order. Allocations for construction of military barracks and payments to the Portuguese Government for the defense of national property are other standard clauses in current contracts.[16]

The result of this situation has been to create armed citadels "surrounded by 8-foot barbed wire fences and spotlights"[17] and employing security guards who are "expected to keep watch for sabotage."[18]

Economic support of the government

The 1966 contract between Gulf and the Portuguese Government involved a whole series of payments to be made by Gulf during the life of the agreement.

Payments included: (1) surface rent, (2) bonuses, (3) income tax equivalent to 50% of any profit, (4) a contribution to the Mining Development Fund, and certain concession payments. When Gulf signed the new agreement at the end of 1968 the Portuguese were facing escalation of the war on all three battlefronts in Africa. The metropolitan Portuguese budget was already effectively allocating almost 50% of all annual expenditure to the war. Still more money was needed-- Gulf proved to be at least one source of such revenue. Thus the new contract was drastically revised, giving the government considerable extra financial benefits.[19]

A recent United Nations' study estimated that the Portuguese Government probably obtained total payments amounting to 563 million escudos (more than $20 million) from Gulf in 1969.[20] It seems relevant to point out that the provisional Angola budget allocation for military expenditure for 1969 was double that amount $1,250 million escudos -- $44 million.[21]

The significance of Gulf's presence in Cabinda was clearly described recently in the Southern Africa Task Force Proxy Statement on Gulf Oil Corporation, March 24, 1971.

(First) the oil Gulf is extracting from Cabinda is a crucial strategic material and Portugal has the right to buy a significant percentage of that oil. Additionally, in time of war, Portugal reserves the right to buy the totality of production.[22] The Governor-General of Angola, Rebocho Vaz, has stated, ... In the mechanized wars of our times, its (oils) principal derivative, petrol, plays such a preponderant part that without reserves of this fuel it is not possible to give the Army sufficient means and elasticity of movement. The machine is the infrastructure of modern war, and machines cannot move without fuel ... Hence, the valuable support of Angolan oils for our armed forces.

(Second) Gulf oil -- which replaces oil formerly imported and paid for with hard currency -- as well as the payments mentioned above, are a significant source of foreign exchange which Portugal can use to pay for her colonial wars.

Finally, Gulf's close business relationship with the Portuguese government has created a natural vested interest in Portugal's colonial policy. For instance, Gulf officials explain that they have developed a cordial relationship with Portugal over the years, which they do not wish to jeopardize.[23] Gulf statements tend to portray Portugal's colonial policy in a favorable light.[24] And, Gulf's discoveries

> and production of oil in Angola are an added incentive to Portugal's determination to hold onto her oil-rich colony at any cost.[25]

The Southern Africa Task Force Proxy Statement concluded with a series of resolutions designed to counter the undermining influence of the Gulf Oil Corporation upon the Angolan people. The resolutions which were proposed were as follows:

1. The establishment of a committee to study the corporations' involvement in Portuguese Africa.
2. Disclosure of corporate charitable gifts.
3. Enlargement of the board of directors.
4. Amendment of the corporate charter to exclude investment in colonial-ruled areas.

Despite the moderate nature of these resolutions and the convincing arguments and lucid documentation which preceded them, they were soundly defeated at the annual shareholders meeting of the Gulf Oil Corporation.[26]

HARVARD UNIVERSITY: THE COURSE OF ACTION

It is clear that the policy of Gulf Oil Corporation as well as numerous other firms participating in the economic system of Portugal, directly subverts the struggle for African liberation. It is equally clear that, by maintaining financial ties to such firms, Harvard University (the largest university shareholder in Gulf) stands as a validation of Portuguese colonialism as well as an extension of an exploitative U.S. policy toward the African people. Furthermore, by proceeding as an indirect participant in the economic dissection of Africa, Harvard is acting in contradiction to its professed attitude of liberal generosity toward displaced Africans on the North

American continent.

This certainly is a case in which the investments of Harvard University support "activities whose primary impact is contrary to fundamental and widely shared ethical principles." Unless the Austin Report should be considered a public relations device for justifying present investment policy, it is imperative that Harvard pursue the only morally acceptable course of action - divestiture of all holdings in Gulf Oil Corporation.

No amount of appeal to the dictates of "sound" money management or the philosophical contraints imposed by Harvard's "restricted mission" can disguise the fact that Harvard University is an enthusuastic participant in the economic and political subjugation of African peoples.

Men, women, and children are dying daily in the struggle against colonialism. To engage in intellectual discourse over the proper method of relieving these people from colonialism would be to ignore this fact. The people of Angola and Mozambique have already made it clear that their freedom depends upon the complete with drawal of the Portuguese government from their land. The lines are now firmly drawn. There is no middle ground: Blood must flow in the Portuguese colonies. How much blood must flow can only be determined by Harvard University and institutions like Harvard. Every dollar received by the Portuguese government means that the war must last a little longer and a few more people must die. Their blood will be on the hands of all those who equivocate on the issue of freedom.

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