

Who's Who among Apartheid's Friends in the U.S. and their Campaign Against Sanctions and Disinvestment

by Richard Leonard

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Millions for Lobbying and Propaganda

The South African government spends millions of dollars on lobbying and propaganda trying to block antiapartheid sanctions and disinvestment. According to a member of South Africa's whites-only parliament, South Africa's foreign diplomatic, commercial and cultural missions "work night and day to combat sanctions and boycotts."

The South African government, its agents in the U.S. and South African business organizations in the U.S. have two principal, widely disputed, arguments against sanctions. They claim apartheid is changing despite the ongoing repression, state of emergency in South Africa, banning of opponents of apartheid and imprisonment of tens of thousands of apartheid's opponents. They also argue that the U.S. is dependent on strategic South African minerals, despite mounting evidence to the contrary.

Censorship: Crucial to the South African Government's P.R. Plan

While it spends millions on propaganda and image building, the South African regime tightly restricts press and media coverage of South Africa—the activities of the government, police and military as well as of opponents of apartheid. Under State of Emergency powers, the government censors news on South Africa both within South Africa and abroad, threatening to close South

African news companies, which violate government rules, and to expel foreign journalists who don't toe the line.

A Massive South African Presence

In the 1987-1988 year, the South African regime allocated \$28 million to its Department of Foreign Affairs for "communications and image building" in the U.S., Europe, Japan and other countries.

South Africa has a massive diplomatic presence in the U.S., including 236 employees at nine offices, of whom eighty are diplomatic officers. The South African Embassy in Washington, D.C. has more than one hundred employees and thirty-five diplomatic officers.

Aided by lobbyists and public relations firms, South African diplomats hold receptions and meet with U.S. officials at the federal, state and local level. South African officials speak to civic, business, religious and student organizations.

Members of these organizations often are invited to take free "fact-finding trips" to South Africa. Trips are organized by the Department of Foreign Affairs often in cooperation with private South African organizations such as the South Africa Foundation. In 1987, the department hosted 1,029 "influential foreign visitors," mainly from its major economic partners.

Appointed in 1988, U.S.-educated religious liaison Abraham Luckhoff operates out of the South African embassy in Washington, D.C., developing special contacts between the South African government and local U.S. congregations.

As part of this image-building campaign, the South African embassy and consulates distribute a variety of printed materials on business and tourism as well

as bulletins and reports on specific issues and films. In addition the Department of Foreign Affairs reaches the U.S. and other countries with 210 hours of programs per week by Radio South Africa. The regime spent \$10 million on these broadcasts in 1987.

The South African Tourist Board, a government agency, spent \$1.5 million for U.S. promotion in 1985 through offices in New York City, Chicago and Beverly Hills, California. Tourism promotes trade and investment and earns foreign exchange.

The South African Government's Image Building Specialists

South Africa currently spends more than \$3 million annually on more than a dozen lobbying and public relations firms, mainly based in Washington, D.C. Most of the agents on the roster have ties to conservative and rightwing organizations. One firm has Democratic Party connections. Key U.S. firms on the South African payroll in 1988 were:

- **Law firm of John P. Sears**—On South Africa's payroll since 1980, John Sears was Ronald Reagan's campaign manager in the 1980 election and had a 1988 contract of \$430,000.

- **Riley & Fox, Inc.** has taken up lobbying work on behalf of South Africa begun by former Democratic Senators George Smathers and James Symington in 1980. R&F's 1988 contract with Pretoria was worth \$405,000.

- **International Public Affairs Consultants, Inc.** is the firm of William A. Keyes, a conservative African American and former Reagan aid who promotes Pretoria's links to black business and education leaders. Keyes founded a political action committee which backed archconservative Senator Jesse Helms. The firm has been on the South African payroll since 1985 at a rate of \$390,000 annually.

An ICCR Brief appears in each edition of The Corporate Examiner, a monthly newsletter on corporate social responsibility. Each brief highlights a particular social area and focuses on one or more corporations. It also provides information about action options and resources for issues studied.

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• **United International Consultants** was set up in 1985 by Michael Hathway and Joan Baldwin, experienced former Senate aids. They lobby Congress and oppose divestment on the state and local level. "There's a price to pay for attacking South Africa," Hathway warned. He pledged to make election trouble for officials supporting sanctions and divestment. Hathway and Baldwin meet with Congressional staffs, arrange meetings between South African officials and Senators and write speeches for members of Congress.

• **Philip J. Hare**, a former partner in the Sears firm, received \$122,500 for legal services for the South African embassy in 1987. Originally from South Africa, Hare became a U.S. citizen in 1980.

• **Pearson & Pitkin, Inc.** started working for South Africa in 1985 and made \$340,000 for South Africa work in 1988. Ronald Pearson served as congressional aid to two conservative Republicans and has been the executive director of the Conservative Victory Fund, a political action committee which contributed to 75 conservative candidates in 1984.

• **Thomas A. Bolan** is a New York City lawyer, partner of the late Roy Cohn and chairman of New York's East Side Conservative Club. Bolan became an agent for South Africa in 1987 and has arranged meetings between the South African Consul General and key New York political and media figures, including international publishing magnate Rupert Murdoch, who owns the Fox Television Network, and New York State Controller Edward Regan. Bolan's 1988 contract was \$315,000.

• **Donald G. Johnson** works with other South African agents (Riley & Fox and United International Consultants) and compiles statistics on news coverage of South Africa and information on people traveling to South Africa. He received \$42,000 in the year ending March 1987.

• **Kathleen Rothchild** was hired by the South African consulate in Chicago in 1988 to aid in lobbying state and local officials and to promote contacts which could improve U.S.—South Africa relations.

• **Namibia News Bureau** was set up in 1987 by veteran conservative operatives Marion Smoak and Carl

Shiple. The Bureau received \$90,000 in fees and expenses during the last half of 1987 as agents for Transcontinental Consultancy Ltd., a South African company established to win support for the South African-controlled regime in Namibia. Smoak and Shiple had another Namibia lobbying office several years ago and developed a hit list of members of Congress opposed to South Africa's Namibia policies.

• **Modern Talking Pictures Service, Inc.** through offices in the New York City area, distributes feature films and short subjects produced by the South African Broadcasting Corporation. Fees are apparently based on rentals.

South African Businesses Lobbyists

South African business organizations publicly claim they are opposed to apartheid. But at the same time, they align themselves with the regime in opposing sanctions and have become an important lobbying force in the U.S.:

• **South Africa Foundation (SAF)** is the most prominent South African business lobby. Before he left SAF in 1987, SAF Washington Director John Chettle was described by a South African business magazine as "the most effective foreign lobbyist in Washington." Washington columnist Jack Anderson reported that SAF officials "had little trouble meeting bigshots in the Reagan Administration, including cabinet members, high State Department officials, White House speech writers and CIA officers." SAF also sets up "fact-finding" trips to South Africa for influential Americans like members of Congress and their spouses, Senate staff members and black U.S. civic and business leaders.

• **Freedman, Levy, Kroll & Simonds** became agents for the South African Chamber of Mines and the South Africa fruit producers association (Unifruco) after John Chettle, former Washington director of the South Africa Foundation, joined their offices in 1987. The firm contracted with Wharton Econometrics to produce a report which showed that U.S. sanctions against South African coal had hurt U.S. producers. *The Journal of Commerce* called the report "propaganda masquerading as a study." The firm earned \$73,000

from the Chamber of Mines in the first quarter of 1988 and \$31,000 from Unifruco in 1987.

• **Riley & Fox** (see above) was also hired in 1987 as an agent for the South African Chamber of Mines on a \$39,000 annual contract.

• **South African Forum**, based in Johannesburg, produces literature opposed to sanctions and disinvestment which is distributed by South African diplomatic offices in the U.S. The Forum was set up by South African business leaders but receives some funding from the South African government. The Forum set up a trip for Indiana state legislators who were considering divestment legislation, sparking local protests.

U.S. Business and Conservative View

U.S. corporations with direct and indirect business ties to South Africa and the South African regime's conservative supporters in the U.S. are major opponents of sanctions and disinvestment. Their dubious arguments often overlap with South African government and business reasoning. U.S. corporations and U.S. conservatives ignore enormous U.S. corporate tax payments to the South African government and generally argue that corporations do more to end apartheid by remaining in South Africa. One of their themes, "black empowerment," argues that sanctions will hurt black South Africans the most and the best way to eliminate apartheid is by aiding black education and economic development.

A few corporations, which have sold their direct South African investments but continue business there, cite employee ownership programs, which made their black employees minority owners of the subsidiaries they left behind, as evidence of their constructive role in South Africa.

New Corporate Camouflage

Though more than 175 U.S. corporations have sold their South African subsidiaries, virtually all continue business there through distribution and licensing agreements with South African companies. Many of these South African companies are actually the former sub-

sidiaries of U.S. companies, now South African owned. After selling their South African assets, many companies argue to shareholders, potential investors and customers that they have withdrawn from South Africa. Simultaneously they assure continued availability of a full line of company products and services in South Africa.

The leader of the South African computer market, IBM, is the most prominent corporation using its so-called "withdrawal" from South Africa to protect its U.S. business and investors. IBM has lobbied in New Orleans, New York City and Dade County, Florida for loopholes in antiapartheid divestment and selective purchasing policies in order to have both its municipal contracts and South African business.

The antiapartheid movement, including religious institutional investors and pension funds now pressure companies to cut all business ties to South Africa and to negotiate with workers about the terms of their withdrawal. In South Africa, unions such as the Chemical Workers Industrial Union wants corporations first to negotiate with black unions on issues such as severance pay as they plan to end all business with South Africa.

U.S. Corporations Oppose Sanctions

U.S. corporations with business interests in South Africa have been among the leading opponents of antiapartheid sanctions and stock divestment. One example of this, formed under the auspices of the National Foreign Trade Council, was a coalition of corporations contributed \$5,000 each to mount a major lobbying campaign against the 1988 comprehensive sanctions legislation in Congress. Among twenty initial sponsors were Union Carbide, Chevron, Texaco, Mobil Oil, Dresser Industries, Johnson & Johnson, CBI Industries, Combustion Engineering and Caterpillar Tractor.

To spearhead the lobbying drive, the coalition hired the law firm of former Senator Birch Bayh, a liberal Democrat, for a fee of \$150,000 plus \$75,000 in expenses for six months. Bayh said they would show that the corporations don't support apartheid, that "many are on the cutting edge of reform" and that they "have been standing up to the regime."

The Sullivan Principles Without Rev. Sullivan

Since their formulation in 1977, the Sullivan Principals have embodied corporate America's main rationale for continuing business in South Africa. Despite the blow to their credibility when Rev. Leon Sullivan withdrew support for his own principals in 1987, "Signatory Companies" remaining in South Africa, have continued their programs, including opposition to sanctions and disinvestment. Mobil Corporation executive Sal Marzullo has been the chairman of the corporate support unit backing the continuing Signatory Company program.

To place Signatory Company spending in perspective, Signatory spending must be compared to U.S. corporate tax payments to the South African government. Signatory Companies reported spending more than \$230 million on social programs in South Africa from 1977-1987. Yet a recent study at Stanford University found that from 1977 through 1985, U.S. corporations in South Africa paid over fifty times more in South African taxes than they spent on their South African social programs.

Mobil Corporation: South Africa's Former Best Friend

In April 1989, Mobil Corporation announced the sale of its southern Africa subsidiaries to General Mining Union Corporation (Gencor), a South African company. Mobil, the largest U.S. investor in South Africa with assets of \$400 million, has supplied strategic petroleum to the South African police and military and led U.S. corporate opposition to sanctions and disinvestment.

Mobil's Marzullo has been especially high profile in galvanizing corporate commitment to staying in South Africa. Marzullo has testified against sanctions and divestment legislation, lead corporate support for the Sullivan Principals after Rev. Sullivan renounced them and raised funds for the Coalition On Southern (COSA), a group of black U.S. businessmen, church leaders and educators opposed to sanctions and disinvestment, discussed later in their brief. The *Financial Mail* of South Africa described Marzullo's office as

a sort of command center for a loose coalition of roughly 350 corporations as they tried without much success to combine profitability in SA with political acceptability back home.

Shell Oil's Strategy: Deflect Attention from Boycotts and Disinvestment

Under the increasing pressure of an antiapartheid boycott, Shell U.S. sought help from Pagan International, a Washington, D.C. public relations firm, experienced in defending companies like Nestle and Union Carbide from thorny criticism on issues like baby formula and Bhopal. Pagan's plan, the Neptune Strategy, recommended that Pagan employees, on behalf of Shell, engage Shell critics "in postapartheid planning" to "deflect their attention away from boycott and disinvestment efforts..." Though Shell denied it had put this secret plan into effect, by late 1987 when the plan was uncovered, Pagan's staff had already attempted to launch "postapartheid planning" discussions with many of the individuals and groups mentioned in the document.

The Campaign Against Oil Sanctions

In 1988, oil companies blocked the Wise amendment, which would have prohibited granting federal oil, gas and coal leases to international oil companies doing business in South Africa. Though the Democratic-controlled Senate Foreign Relations Committee excluded it from the 1988 sanctions bill, it has been restored to the sanctions bill (HR 21/S 57) pending in 1989.

Leading opposition to the Wise legislation, Shell lobbyists suggested that the company might forego U.S. business rather than leave South Africa. According to one Congressional aide, Shell "lobbied like crazy" against the measure with the help of the law firm of Akin, Gump and Strauss, whose partner Robert Strauss was for years head of the Democratic National Committee.

Mobil Oil brought in William Coleman, a prominent black lawyer who was Secretary of Transportation during the Ford Administration, to testify against the Wise measure. Caltex Petroleum, a joint South African operation of Texaco and Chevron, spent at least \$30,000 on a

U.S. speaking tour for Zulu Chief Gathsha Buthelezi, a well known opponent of sanctions.

"Black Empowerment" vs. Sanctions

The new "black empowerment" arguments against sanctions and disinvestment are being promoted by several organizations and lobbyists. They claim that sanctions will hurt black South Africans the most and the best way to eliminate apartheid is to aid black education and economic development projects. The most prominent supporter of this rationale is the Coalition on Southern Africa (COSA), a group of "black religious leaders, businessmen and educators...," founded to

provide an independent base of private support for South Africa's majority population and to help foster a democratic, non-racial post-apartheid South Africa.

COSA opposes sanctions and disinvestment as "counterproductive" to ending apartheid and has made its views known in letters to President Reagan and the member of Congress.

The *Financial Mail* and columnist Jack Anderson reported that COSA was the brainchild of Raphael Pagan, founder of Pagan International, which developed Shell Oil's Neptune Strategy for opposing its antiapartheid critics, and Robert Brown, a black public relations executive from North Carolina, who's clients include companies doing business in South Africa. Last year Brown angered many South Africans by claiming he had power of attorney to represent the name of imprisoned ANC leader Nelson Mandela.

COSA has been a major project of Mobil executive Sal Marzullo. Anderson and the *Financial Mail* reported Marzullo raised \$1.2 million for COSA from corporations like Mobil, Control Data, Combustion Engineering, Johnson & Johnson, Pfizer and Caltex. According to the *Financial Mail*, COSA's aim was "to fund black political organizations in Soweto and other urban centers with the emphasis on finding leaders and groups who could serve as an alternative to the ANC [African National Congress]." The paper alleged that only 5 percent of the funds targeted for black empowerment projects actually made it to South Africa. The rest allegedly went to consulting fees in the U.S.

Other "Black Empowerment" Proponents

Following are others espousing the black empowerment argument:

- **The Institute on Religion and Democracy**, is a conservative, Washington, D.C.-based opponent of sanctions and disinvestment and critic of the National Council of Churches of Christ in the U.S.A. and other U.S. church opponents of apartheid. In 1987 the IRD set up a program called Building a New South Africa (BANSA) to raise funds from U.S. churches and others to assist black development programs in South Africa.

- **J. Morgan Hodges**, executive director of Chris/Mor Productions in Washington, D.C., is a black American who went to South Africa, he says, to gain information about sanctions. In 1988 he registered with Congress as a paid lobbyist, but has not indicated the source of his funding. Hodges has written to Congress saying that he found most black South Africans oppose sanctions.

The Religious Right Backing Pretoria

The U.S. religious right has been a significant new source of support for the South African regime. In 1986 the *San Francisco Examiner* reported that

South Africa and its supporters are waging a campaign to influence U.S. public opinion by flying fundamentalist Christian leaders and their congregations to South Africa.

Some of South Africa's rightwing religious supporters are:

- **Rev. Jerry Falwell** in 1985 called Archbishop Desmond Tutu a "phoney" and urged Americans to support South Africa by buying Krugerrands. He also claimed he had met no black South African who advocated sanctions to end apartheid. Falwell had just returned from a trip to South Africa and Bishop Tutu had just been awarded the Nobel Peace Prize. After a wave of criticism, Falwell retracted the statement.

- **Assembly of God** set up a bible college near Cape Town. Jimmy Swaggart, its now discredited celebrity evangelist, was at one time the most popular American evangelist in South Africa. His shows were broadcast by the government-controlled South African Broadcasting system.

- **Pat Robertson** set up a television station in the Bophuthatswana homeland in South Africa to carry his Christian Broadcasting Network programs. Robertson invited pro-government black South Africans to appear on his 700 Club program in the U.S.

- **David Balsiger**, a rightwing religious publisher, launched a series of projects against sanctions. Though he has denied receiving support from the South African government, Balsiger acknowledged past links to the Rev. Sun Myung Moon and now says his work is supported by Mott Media, a religious publisher.

In 1987, Balsiger's Biblical News Service produced 525,000 copies of "South Africa: A Nation on Trial," a special issue of its magazine *Family Protection Scoreboard*, containing a series of articles endorsing South African government policies and describing the ANC, the United Democratic Front and the South African Council of Churches as supporters of Communism, Marxism and terrorism. The issue was sent to Congressmen, federal officials, mayors, black elected officials, religious leaders and newspaper editors around the country.

In June 1988 Balsiger also wrote to members of Congress on behalf of his National Citizens Action Network. He argued that sanctions will hurt black South Africans and enclosed "Listen to our Voices," a twelve minute video of interviews with black South Africans opposed to sanctions.

- **Other religious groups that have links with South Africa** are the National Religious Broadcasters, Full Gospel Businessmen's Fellowship International, Trinity Broadcasting and About My Father's Business.