

CHURCH PROJECT ON UNITED STATES INVESTMENTS IN SOUTHERN AFRICA--1975

Dear Investor,

On the following pages you will find a Proxy Statement soliciting support for a resolution requesting The Southern Company to cease purchasing coal produced in the Republic of South Africa. This proposal is sponsored by the United Church Board for World Ministries.

We ask that you carefully read this Proxy Statement to better understand why this shareholder resolution was introduced. We feel it is important background material for investors to consider before they vote on this particular resolution.

If you own any stock in The Southern Company we hope you will vote for the resolution. The resolution will appear on the Proxy Statement mailed to you by the corporation and, if you support it, you should vote for it on the corporation's proxy form. If your stock is held for you by a bank or brokerage house, you can instruct them to vote your shares in favor of the resolution. Alternatively, you can vote on this resolution by clipping out the ballot to be found on the last page and returning it to the Church Project on U.S. Investments in Southern Africa--1975, 475 Riverside Drive, Room 566, New York, N.Y. 10027.

Sincerely,
David M. Stowe
Executive Vice-President
United Church Board for
World Ministries

CHURCH PROJECT ON UNITED STATES INVESTMENTS IN SOUTHERN AFRICA--1975

475 Riverside Drive, Room 566, New York, N.Y. 10027, March 20, 1975

INTRODUCTION

This proxy statement is provided by the Church Project on U.S. Investments in Southern Africa in connection with the solicitation of proxies for a stockholder resolution that asks the Board of Directors of The Southern Company (the "Company") to stop "the purchase of coal from the Republic of South Africa as long as the government of that country maintains racially discriminatory employment policies and practices through apartheid laws and regulations." The resolution has been submitted to The Southern Company by the United Church Board for World

Ministries, which holds 6,489 shares of The Southern Company common stock, and will be duly presented at the Annual Meeting of The Southern Company at Baxley, Georgia, on May 28, 1975.

The full text of this proposal and the Supporting Statement, as set forth in the Company's Proxy Statement, reads as follows:

STOCKHOLDER PROPOSAL

RESOLVED, that the stockholders of The Southern Company request that the Board of Directors establish a Southern System Companies

policy which would prohibit the purchase of coal from the Republic of South Africa as long as the government of that country maintains racially discriminatory employment policies and practices through apartheid laws and regulations.

SUPPORTING STATEMENT

We commend management's statement to the 1974 Stockholders' Meeting that The Southern Company is "committed to compliance with the provisions of the Equal Employment Opportunity Laws" and "maintains Affirmative Action Programs and other procedures designed to ensure non-discrimination, not only in hiring and promotion but in all other areas of the business as well."

In an action morally incompatible with these principles, the Company has entered into a \$47,000,000 contract, importing 2-1/2 million tons of coal from South Africa. Under ultra-segregationist practices, this coal is produced through the "contract labor" of black miners who average \$45 monthly, less than 1/4 of the wages of the white miners placed over them. While the latter have subsidized family housing, most black miners are compelled to leave their families behind on reservations during their year-long contracts. Regardless of ability, they are relegated to the bottom-bracket jobs. By South African law, no black miner can supervise a white or belong to a recognized trade union. Forbidden citizenship and the vote in South Africa, blacks have few normal means to improve their lot.

The Southern Company should stop forcing free American miners to compete with coal produced by South Africa's oppressed and drastically underpaid laborers.

SPONSORSHIP

The United Church Board for World Ministries is a participant in the Church Project on United States Investments in Southern Africa—1975 (the "Project"). The Project is a cooperative undertaking of boards and agencies of seven Protestant denominations, of six Roman Catholic orders, of the Unitarian Universalist Association, and of the National Council of Churches of Christ in the U.S.A. It includes the following participants:

1. American Baptist Home Mission Societies.
2. 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.
3. National Division, Women's Division and

World Division of the Board of Global Ministries of the United Methodist Church.

4. Reformed Church in America.
5. United Christian Missionary Society of the Christian Church (Disciples of Christ).
6. United Church Board for Homeland Ministries, United Church Board for World Ministries, and Center for Social Action of the United Church of Christ.
7. United Presbyterian Church in the United States of America.
8. Franciscan Friars of the Atonement.
9. Glenmary Home Missionary (Cincinnati).
10. Home Mission Sisters of America (Cincinnati).
11. Mt. St. Joseph Female Ursuline Academy, Inc. (Kentucky).
12. Province of St. Joseph of the Capuchin Order.
13. Sisters of Charity (Cincinnati).
14. Department of Education and Social Concern of the Unitarian Universalist Association (of Churches and Fellowships in North America).
15. National Council of the Churches of Christ in the U.S.A.

Each of the Project participants has on the national level a variety of boards, agencies, 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 this Project are not attempting to speak for or represent other national boards/agencies or local churches or individual church members but to speak only for themselves as they seek to act responsibly as institutional investors. The Project itself does not own stock in any corporations. It is an ad hoc coalition of church agencies that are shareholders, and that are concerned about the role of U.S. corporations that have operations in Southern Africa.

THE SOUTHERN COMPANY'S CONTRACT TO BUY COAL MINED UNDER THE SYSTEM OF APARTHEID

On December 20, 1973, Gulf Power Company, a subsidiary of The Southern Company, signed a contract to import 2.5 million tons of coal over a three-year period at a cost of approximately \$47,000,000 from the Transvaal Coal Owners Association Proprietary Ltd., a corporation in the Republic of South Africa. The Mannesmann Pipe and Steel Corporation, a German corporation with its principal U.S. office in Jacksonville, Florida, made the sales arrangements between The Southern Company subsidiary and

the South African coal producers. Shipments of this imported coal began to arrive in Mobile, Alabama, by the middle of 1974.

The Project believes that, according to newspaper accounts, The Southern Company is the only corporation in the United States involved in the importation of coal from South Africa. In view of the Company's outspoken commitment to non-discrimination "not only in hiring and promotion but in all other areas of the business as well," as publicly affirmed at the 1974 Annual Stockholders' Meeting, the Project feels this contract with apartheid is incomprehensible and should be terminated.

WHY THE PROJECT BELIEVES THE IMPORTATION OF SOUTH AFRICAN COAL IS INCONSISTENT WITH THE PRINCIPLES OF AMERICAN SOCIETY

The white minority government in South Africa is internationally known for its apartheid policy. Apartheid is defined as "racial segregation; specif.: a policy of segregation and political and economic discrimination against non-European groups in the Republic of South Africa."

Mining has been the foundation of the economy of the Republic of South Africa. The Project believes the mining industry has been built and maintained through legislation which guarantees to white employers an inexhaustible black labor supply. These workers are without national political suffrage, without recognized trade unions, without the right to bring their families from the reservations to the mines, and commonly without any alternative way to earn the money for food indispensable to survival. The Project believes the whole complex of laws and regulations thus designed to maintain the black majority of the population in perpetual political and economic subjugation to the white minority is the primary reason why it is possible for South African mining companies to produce coal at the pithead for approximately \$1.93 a ton compared with over \$7.00 per ton in the United States.

Black labor in South African mines is indentured migrant labor. Although at home on their continent of origin, black miners—like other black workers—are classified by the whites-only government of the Republic as "migratory labor." Even though blacks comprise 71% of the population, they are legally obliged to call reservations, which comprise but 13% of the land, their "homeland." The Bantu Labor Act of 1964 requires the licensing of all persons who procure or engage blacks for employment in any mine, and all those re-

cruited for mine work, to have a contract. African work-seekers in the reserve must register with a government labor office when they come of age and can leave the reserve only if they have obtained contracts of labor. The Project feels this contract labor is "economically forced labor," and the resulting wide profit margins of employers in such labor-intensive industries as mining permit South African coal to compete unfairly in the United States market in spite of transport costs.

In the Project's opinion the following are the most important restrictions and inequalities through which black miners in South Africa are exploited:

1. The backbone of the South African mining industry is the core of about 650,000 contract laborers permitted each year to leave the reservations or enter the country from neighboring nations to work for white owners and managers. If for any reason they quit their jobs, they may be subject to various sanctions. At the very least, they must find another employer within a few days or be "endorsed out," *i.e.*, ordered by the police to return, to the reservation.

2. The basic law determining work conditions for contract mine labor is the Mines and Works Amendment Act of 1911, with subsequent additions. It limits access to most of the skilled occupations in the mining industry to "Europeans, Cape Coloured and Mauritius Creoles or St. Helena persons." In plain American language this means that black Africans, although they comprise 71% of the population and 87% of the labor force in mining, cannot be considered for any but the lowest levels of mine employment. And, under strict practice, a black person is not permitted to supervise a white person.

3. The average cash wage paid blacks in the coal mining sector at the end of 1973 was about \$45 a month for four 44-hour weeks. By contrast, white miners averaged \$640 a month, or 14 times more. The Project believes that African wages are extremely exploitative, considering the back-breaking labor required in the mines.

4. At a typical mine, white managers and supervisors live with their families in comfortable subsidized, or even free, housing. In contrast, the black contract laborers are compelled to live twelve to a barrack room, often hundreds of miles from their families, for the six, twelve, or eighteen months of their contracts.

5. Black miners, like all of the 17.7 million Africans among South Africa's 25 million inhabitants (the others are 4.2 million whites, 2.3 million coloureds or people of mixed descent, and 709,000 Asians), must at all times carry a

"passbook," which outlines their whole life-history, listing any crimes or irregularities of which they have been accused. Last year an average of 1,400 Africans were arrested each day for such violations as failing to carry their pass-books at all times.

The Project feels these five characteristics of the apartheid system show how South Africa is able to produce the world's cheapest coal, in monetary terms, but the world's most expensive coal when measured in terms of human dignity and workers' rights.

American miners have also made clear their feelings on the subject. The June 1-15, 1974, issue of *The United Mine Workers Journal* stated:

"Just days after UMWA members learned of the South African deal (with The Southern Company), more than 90% of the 8,000-man district walked off the job in protest.

"The protest occurred May 22, the day that stockholders and the board of directors of The Southern Co. held its annual meeting in Birmingham. About 500 miners established a picket line around the Kahler Plaza Hotel where the meeting was held. They carried signs protesting the South African coal imports."

The article ended with a quote of an Alabama local member.

"Slavery in the South went out a long time ago. We don't believe in slavery. Slave labor in Africa is real cheap, and it is my information that this coal is produced under slave labor conditions.

"Our people feel pretty much the same about this importing of coal from South Africa: one ton or fifty million tons, it's got to be stopped. Not tomorrow but today."

Until October, 1974, South African laws made a breach of the labor contract a criminal offense, punishable by imprisonment. Such repressive laws were altered only after the United Mine Workers of America and the State of Alabama commenced an administrative proceeding with the U.S. Customs Service to stop the importation by The Southern Company of South African coal to the United States on the grounds that it violated the Tariff Act of 1930 because of the conditions under which the coal was produced. The South African Government responded by repealing the penal provisions of the Master and Servants Act and 41 similar pieces of legislation that included "slave-like" criminal sanctions. The Project believes the repeal of the penal provisions of such legislation, so blatantly oppressive of human rights, was not prompted by any desire to improve the lives of black workers in the coun-

try. But rather, the repeal was forced upon the South African Government because its mining and certain other exports to the United States were clearly prohibited by Section 307 of the U.S. Tariff Act of 1930 (19 U.S.C. 1307). That Section specifically prohibits the importation into the United States of any products mined, produced or manufactured by forced or indentured labor if they are mined, produced or manufactured in the United States in such quantity as to satisfy domestic consumptive demand. The UMWA and the State of Alabama were unsuccessful in the original petition. An appeal is currently being prepared. Since the resolution of this case has not reached a final determination, the Project urges stockholders to consider the spirit and intent of Congress at the time when this Tariff Act was passed, with the amendment containing this prohibition.

Senator Blaine, the sponsor of Section 307, made these statements during the Congressional debates in 1929:

"By this amendment I propose to carry out the conscience of the world as expressed in treaties. I propose this amendment to reflect the spirit of the men and women who have sacrificed in order that slavery might be banished from the world. The form of labor inhibited by this proposed amendment is slavery, nothing short of slavery. Are we at this moment going to retrace our steps? Are we going to deny that which we have professed in the past? If so, we would better charge the Lincoln Monument with dynamite, tear down the noblest institutions in our country, and destroy the spirit of freedom. If there is any opposition, it seems to me the opposition can come only from technical objections. . . . I understand that we might suffer some economic loss, but we cannot afford any economic gain at the sacrifice of the degeneracy and death of the natives, amounting to millions of men and women who should be under the guidance of a civilization that will give them an opportunity to attain the heights they may attain. . . . Such situations of poverty and degeneracy involve a moral question. But aside from that, American agriculture and the American worker, from the standpoint of our economic security, should not be placed in competition with forced and indentured labor wherever it may be found."

This is also the position of the Project in seeking shareholder support for ending The Southern Company's ill-conceived contract to import coal mined under apartheid. Although the South African Government has rescinded some of the laws which most glaringly affirm the white su-

premacv in the economic sector, the basic political structure of apartheid remains intact, and many voiceless, voteless African miners still have no alternative to their servile role other than utter privation, or even starvation, on their assigned reservations.

SOUTH AFRICAN COAL AND U.S. PUBLIC POLICY

Representatives of the United States Government in the United Nations and in South Africa have made clear, in speaking of U.S. private investment, that our country's official policy is in sharp opposition to apartheid principles and practices. The State Department "does not encourage U.S. private investment in South Africa, contrary to our promotional activities elsewhere."

The Project feels there is no reason why U.S. policy should be any less opposed to the import of South African coal. The Southern Company has stated:

"In an effort to comply with Florida Coal Board regulations on sulfur oxide emissions, Gulf Power was forced to seek a supplier of readily available low-sulfur/high BTU coal. After exhausting all domestic possibilities, the world market was searched for adequate supplies of low-sulfur coal, and a source was found in South Africa."

But the United States contains abundant coal resources, including low-sulfur grades, and is even now a net exporter of coal to the world.

Other alternatives also exist to importing the type of coal produced in South Africa. Alan G. Kirk, Assistant Administrator for Enforcement and General Counsel of the Environmental Protection Agency, states:

"On a national basis, we do not believe that imports of coal have anything of significance to contribute in realizing the goals of the Clean Air Act. It is doubtful these imports could be expanded enough to make a difference in the next few years. After that, it should be possible to burn domestic coal and meet all applicable air pollution standards either by opening new mines for low-sulfur coal or by use of FGD (Flue Gas Desulfurization) equipment."

In the light of the known public position of both the U.S. State Department and U.S. Environmental Protection Agency, the Project believes The Southern Company's contract to import coal mined under the apartheid system cannot be justified.

CONCLUSION

The Church Project on U.S. Investments in Southern Africa feels that underlying principles

of U.S. law and U.S. policy, as well as The Southern Company's own stated commitment to equal employment opportunity in all areas of business, are clearly violated by the importation of South African coal. It believes that the Company should immediately negotiate the termination of its present contract with the South African suppliers and affirm as a matter of basic Company policy that it will make no further purchases from South African sources as long as apartheid and the contract labor system remain the essential features of the South African economy. The Project believes only a decisive, principled action to end this unprecedented importation of South African coal will guarantee that this mistake is not repeated by The Southern Company or any other corporation.

VOTING INFORMATION

The Project invites all concerned stockholders to vote for the resolution which the United Church Board for World Ministries has introduced for decision at the 1975 Annual Stockholders' Meeting.

Every stockholder will have the opportunity to vote by mail for or against this proposal, using the Company's own proxy card. Alternatively, stockholders may attend the Annual Meeting to vote their shares in person or use the special form attached to this Statement giving the Project authority to vote the shares at the Annual Meeting. Any person giving a proxy to management or to the Project may revoke it at any time prior to its exercise on the day of the Annual Meeting, May 28, 1975, by giving notice of revocation or by executing and returning a subsequently dated proxy. The record date for determining which security holders are entitled to vote, and the number of voting shares outstanding, will be found in the Company's Proxy Statement. Any proxies which the Project receives will be voted at the meeting in accordance with the directions given by the stockholder.

The Project has requested each of its participants to solicit support for this resolution as proposed to The Southern Company. The Project will not attempt to disseminate this Proxy Statement to each shareholder since to do so would be too costly. The cost of the personal solicitation by the participants in the Project is not known but is expected not to exceed \$2,000. The Project will seek the cooperation of others in soliciting support for this resolution, especially that of other religious groups, universities, foundations, and concerned institutions and individuals.

CHURCH PROJECT ON UNITED STATES INVESTMENTS IN SOUTHERN AFRICA--1975

475 Riverside Drive, New York, N.Y. 10027, March 20, 1975

Proxy Solicited by The Church Project on United States Investments in Southern Africa for the Annual Meeting of Stockholders of the Southern Company

The undersigned stockholder hereby appoints Dr. Howard Schomer, Mr. Paul M. Neuhauser, Mr. Timothy H. Smith, and Mr. Dudley E. Thompson, and each of them jointly and severally, proxies with full power of substitution, to vote only on the following matter all shares of Common Stock of the Company which the undersigned is entitled to vote at the 1975 Annual Meeting of Stockholders of the indicated Company and at any adjournment thereof:

THE SOUTHERN COMPANY

FOR _____ AGAINST _____

The Stockholder Proposal sponsored by the United Church Board for World Ministries concerning coal mined by the Republic of South Africa and purchased by The Southern Company.

PLEASE SPECIFY NUMBER OF SHARES
HELD _____

DATED _____ 1975

(Signature (s))

Please sign in the exact manner in which your shares are registered. When signing as attorney, executor, administrator or trustee, or for a corporation, please give your full title. For joint accounts, each owner should sign.

Return this proxy by May 28 to:
Church Project on United States Investments
in Southern Africa - 1975
475 Riverside Drive, Room 566
New York, N.Y. 10027