



U.S. Business Involvement in Southern Africa, Part I

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U.S. Business Involvement in Southern Africa, Part I

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U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

HEARINGS
BEFORE THE
SUBCOMMITTEE ON AFRICA
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
NINETY-SECOND CONGRESS
FIRST SESSION

PART 1

MAY 4, 5, 11, 12, JUNE 2, 3, 15, 16, 30, AND JULY 15, 1971

Printed for the use of the Committee on Foreign Affairs



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U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

TUESDAY, MAY 4, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON AFRICA,
Washington, D. C.

The subcommittee met at 3:05 p.m. in room 2255, Rayburn House Office Building, Hon. Charles C. Diggs, Jr. (chairman of the subcommittee), presiding.

Mr. Diggs. The subcommittee will come to order.

During the past 5 years in the United States there has been an increasing interest in the role of the American corporation in Southern Africa, and particularly in the Republic of South Africa. Questions have come from many quarters, from universities, from church groups, from Peace Corps volunteer returnees, from sectors of the black community and their supporters, all about the question of American investment in South Africa.

Some groups which held stock in corporations with subsidiaries in South Africa have pushed them to explain their involvement in a land known around the world for its policy of apartheid.

However, while pressure on corporations who pollute the environment or have discriminatory hiring practices has often been based on hard, detailed data, too often that data has been lacking as we have analyzed specific American companies in South Africa.

Obviously, such research is necessary for any intelligent analysis of both the general effect of American investment in South Africa and the role a certain company may play. And it is in this general interest that we open this series of hearings this afternoon.

From my study missions to over 30 of the countries in Africa which includes all of southern Africa with the exception of Guinea-Bissau, and the Republic of South Africa and South West Africa, and from witnesses who have appeared in hearings before this subcommittee during the last Congress, it appears the highest priority must be given for the search for racial and political justice in southern Africa.

As President Nixon stated in his foreign policy report to the Congress last February, "It is for many the sole issue by which our friendship for Africa is measured."

In beginning these hearings to explore U.S. business involvement in southern Africa, we address ourselves to the implications of their presence as it relates to American foreign policy and there obviously is a link between those two objectives.

Foreign investment clearly plays an important role in the economy of these countries. In 1968, for example, the total of foreign assets in

South Africa was estimated at \$6.416 billion, of which the United States represents about 13 percent, with 270 or 280 American firms involved.

South Africa's attractiveness to foreign investment is evident. The average rate of return on direct investment, U.S. business in South Africa, 1968, was over 17 percent, and later figures do not change that appreciably.

The average return, world investment, is just over 10 percent, which indicates the attractiveness of South Africa in that regard.

The U.S. Department of Commerce reported that the sum of the U.S. share in the net earnings of foreign corporations and branch profits after foreign taxes, but before U.S. taxes, in 1968, was some \$120 million. These U.S. businesses, making so much return on this investment, should not be silent on the inhumanity of apartheid. It is time the public heard their voices raised in protest against the poverty wages paid African workers and the restrictions on the type of work they may do.

Since the whole world abhors South Africa's racial policy, businessmen should question whether they are using their considerable power to bring pressures to bear on the authority to alter policies.

So, during these hearings, we hope to find out what business firms can do to improve conditions for black Africans from within the system, and, if such approach is not feasible, should American business leave South Africa?

I am very pleased to have as our leadoff witness, Mr. Thomas H. Wyman, the vice president of the Polaroid Corp., which is engaged in what everyone agrees is an interesting experiment in that market. Mr. Wyman is a graduate of Amherst, with a bachelor's degree in 1951, and the Management Development Institute in Switzerland, 1959 to 1960, served in the service of his country in Korea, 1953 to 1955, as a first lieutenant in the Corps of Engineers, and joined Polaroid in 1965 as vice president of the international division, and in 1966, made responsible for the company's domestic and overseas sales.

And in April of 1971 was named chairman of the management executive committee, and president of the international division. He was formerly with Nestle Alimentana, S.A., in Switzerland, and the First National City Bank of New York.

Mr. Wyman has a prepared statement here, that is brief enough to proceed with, and then we will engage in some dialog.

Mr. Wyman.

**STATEMENT OF THOMAS H. WYMAN, SENIOR VICE PRESIDENT,
POLAROID CORP.**

Mr. WYMAN. Polaroid sells its products in South Africa as do several hundred other American companies. Our sales there are small, less than one half of 1 percent of our worldwide business.

About 6 months ago a group began to demand that American business stop selling in South Africa. They say that by its presence it is supporting the Government of the country and its policies of racial separation and subjugation of the blacks. Polaroid, in spite of its small stake in the country, has received the first attention of this particular group.

We did not respond to their demands. But we did react to the question. We asked ourselves, "Is it right or wrong to do business in South Africa?" We studied the question for about 10 weeks.

The committee of Polaroid employees who undertook this study included 14 members—both black and white—from all over the company. The first conclusion was arrived at quickly and unanimously. We abhor apartheid, the national policy of South Africa.

The apartheid laws separate the races and restrict the rights, the opportunities, and the movement of nonwhite Africans. This policy is contrary to the principles on which Polaroid was built and run. We believe in individuals, not in "labor units" as blacks are sometimes referred to in South Africa. We decided whatever our course should be it should oppose the course of apartheid.

The committee talked to more than 50 prominent South Africans, both black and white, as well as many South African experts. We heard from officials in Washington. We read books, papers, testimony, documents, opinion, interpretation, and statistics. We listened to tapes and saw films.

We addressed ourselves to a single question. What should Polaroid do in South Africa? Should we register our disapproval of apartheid by cutting off all contact with the country? Should we try to influence the system from within? We rejected the suggestion that we ignore the whole question and maintain the status quo.

Some of the black members of the study group expressed themselves strongly at the outset. They did not want to impose on the black people of another country a course of action merely because we might feel it was correct. They felt this paternalistic attitude had prevailed too often in America when things are done "for" black people without consulting black people.

It was decided to send four of the committee members to South Africa. Since this group was to include two black and two white members, it was widely assumed we would not be granted visas. We were. We left for Johannesburg on November 30.

It was assumed that when we got to South Africa we would be given a government tour. We were not.

It was assumed we would not be allowed to see the actual conditions under which many blacks live and would be prevented from talking to any of them in private. We did see those conditions in Soweto and elsewhere. And with or without permission we met and talked to and listened to more than 100 black people of South Africa. Factory workers, office workers, domestic servants, teachers, political leaders, people in many walks of life. We also talked to a broad spectrum of whites including members of the major parties.

Our prime purpose in going to South Africa was to ask Africans what they thought American business should do in their country. We decided the answer that is best for the black people of South Africa would be the best answer for Polaroid.

Can you learn about a country in 10 days? No. Nor in 10 weeks. But our group learned one thing. What we had read and heard about apartheid was not exaggerated. It is every bit as repugnant as we had been led to believe.

Our group returned with a unanimous recommendation.

In response to this recommendation and to reports of the larger study committee, Polaroid has undertaken an experimental program in relation to its business activities in South Africa.

For the time being we will continue our business relationships there—except for sales to the South African Government, which our distributor has discontinued—but on a new basis which blacks there with whom we talked see as supportive to their hopes and plans for the future. In a year we will look closely to see if our experiment has had any effects.

First, we will take a number of steps with our distributor, as well as his suppliers, to improve dramatically the salaries and other benefits of their nonwhite employees.

Our business associates in South Africa will also be obliged—as a condition of maintaining their relationship with Polaroid—to initiate a well-defined program to train nonwhite employees for important jobs within their companies.

We believe education for the blacks, in combination with the opportunities now being afforded by the expanding economy, is a key to change in South Africa. We will commit a portion of our profits earned there to encourage black education. One avenue will be to provide funds for the permanent staff and office of the black-run Association for Education and Cultural Advancement (ASSECA).

A second method will be to make a gift to a foundation to underwrite educational expenses for about 500 black students at various levels of study from elementary schools through university. Grants to assist teachers will also be made from this gift. In addition we will support two exchange fellowships for blacks under the United States African Leader Exchange Program.

Polaroid has no investments in South Africa and we do not intend to change this policy at present. We are, however, in the process of creating a black-managed company in one or more of the free black African nations.

Why have we undertaken this program? To satisfy a revolutionary? No; they have found it far from satisfactory. They feel we should close the door on South Africa, not try to push it open further.

What can we hope to accomplish there without a factory, without a company of our own, without the economic leverage of large sales? Aren't we wasting time and money trying to have an effect on a massive problem 10,000 miles from home?

The answer, our answer, is that since we have looked closely at that troubled country, we feel we can continue only by opposing the apartheid system. Black people there have advised us to do this by providing an opportunity for increased use of black talent, increased recognition of black dignity. Polaroid is a small economic force in South Africa, but we are well known and, because of our committee's visit there, highly visible.

We hope other American companies will join us in this program. Even a small beginning of cooperative effort among American businesses can have a large effect in South Africa.

How can we presume to concern ourselves with the problems of another country? Whatever the practices elsewhere, South Africa alone articulates a policy exactly contrary to everything we feel our

company stands for. We cannot participate passively in such a political system. Nor can we ignore it. That is why we have undertaken this experimental program.

The program is well underway. Both our distributor and one of his suppliers have granted wage increases to all their nonwhite employees ranging from 13 to 33 percent.

An additional increase of 28 percent was announced last week. Further increases are being negotiated.

Frank & Hirsch and one of their suppliers have agreed to guarantee the educational expenses for the children of all of their nonwhite employees through the high school level. This includes the complete cost of school tuition, transportation, and books.

The first installment of a \$15,000 gift to ASSECA has been made to enable them to establish a permanent office and staff.

A grant of \$10,000 has been made to the United States-South African Leader Exchange Program and two African leaders will be spending a 3-month study period in the United States later this year.

We have been instrumental in setting up a black owned and managed distribution company in Nigeria which will handle our sunglasses there. They will be in business in Lagos as of May 21.

We have been working hard these past weeks to accomplish one more step, an educational foundation in South Africa. The legal mechanism is now complete and the six trustees have been nominated. They include four distinguished leaders of the nonwhite African community: M. T. Moerane, editor of *The World*, the largest black newspaper in South Africa; he is also the head of the ASSECA organization; Chief Gatsha Buthelezi, paramount chief of the Zulus; R. S. Naidoo, president of the Natal Indian Teachers Association; and Prof. W. M. Kgware, professor of psychology at the University of the North. The two white trustees are Helen Suzman, the sole opposition representative in the Parliament, and Mr. Helmut Hirsch, our distributor.

This foundation will be charged with selecting 500 black students and providing financial assistance for them. They will be chosen from all levels, grade school through university. Administration of this program will be handled by the highly respected Institute of Race Relations.

Reactions to our experiment have understandably been mixed. So far we have not met formal South African Government opposition though we presume they are unhappy with our rejection of the apartheid system. The response from black South Africans has been very positive. Those in the United States pressing for withdrawal are unhappy with the experimental program. The great majority of our employees and shareholders have endorsed the program.

Many companies have asked for background information on what we are doing and why we are doing it. We are not sure what the longer term decision will be regarding Polaroid's relationship with South Africa, but we are convinced that the basic approach of working for change from within deserves this kind of trial.

Mr. Drees. Thank you very much, Mr. Wyman.

The ranking minority member of the subcommittee was recently in South Africa, and I would now like to yield to him for interrogation.

I would like Mr. Wyman to know that the purpose of our questions here is to make the record, to get clarification of any particular points, and that our line of questioning does not necessarily represent any preconceived notions or evaluations of your company's policy.

The gentleman from Pennsylvania, Mr. Whalley.

Mr. WHALLEY. Thank you, Mr. Chairman. Thank you very much.

Mr. Wyman, are you permitted to tell us what volume of business you do in South Africa?

Mr. WYMAN. In 1970, it was about \$1½ million.

Mr. WHALLEY. \$1½ million?

Mr. WYMAN. Yes, sir.

Mr. WHALLEY. I think in here you say somewhere that you have already given \$15,000 plus \$10,000?

Mr. WYMAN. That is for two individual programs, yes.

Mr. WHALLEY. Would you have any idea what percentage of this \$1½ million would be eventually set up for the purpose of training and education?

Mr. WYMAN. Our experimental program is very rigidly defined as a 12-month activity, at which time we will determine whether we are going to expand, continue, or perhaps get out.

We can only estimate what some of the costs are going to be, for example, the commitment to support the education of 500 students. Our guess at the moment is that the cost of the total program will be in the range of \$100,000 to \$125,000, during the first 12 months.

Mr. WHALLEY. In other words, about 10 percent of your total business.

Mr. WYMAN. A little less than that.

Mr. WHALLEY. \$1½ million, and \$125,000.

Mr. WYMAN. Yes, sir.

Mr. WHALLEY. Now is it your idea that—how many employees are associated with your distributor?

Mr. WYMAN. There are about 290 in the Frank & Hirsch Co., and the small company which does sunglass assembly work under contract with Frank & Hirsch includes another 20 to 25. So the total personnel directly related to our business there is about 300.

Now I should also add that Frank & Hirsch distribute a number of other products. Our business represents about 25 percent of his activity, so that the full 300 are not related to our business alone. About half of their 300 are nonwhite.

Mr. WHALLEY. In other words, employees are about 50-50.

Mr. WYMAN. That is right.

Mr. WHALLEY. Frank & Hirsch are whom?

Mr. WYMAN. They are our distributor in South Africa. It is a complete arm's-length arrangement.

Mr. WHALLEY. Where are they located in South Africa?

Mr. WYMAN. Their headquarters is in Johannesburg, and they have distribution facilities in Cape Town, Pretoria, and Durban.

Mr. WHALLEY. You say this educational program is similar to our high school?

Mr. WYMAN. Through the high school grade level. Yes, sir.

Mr. WHALLEY. And is it your plan to train people for the distributorship?

Mr. WYMAN. No, not at all. There are two educational programs. One of these is a Frank & Hirsch project, to insure the education of the children of his nonwhite employees, in which we are not participating. We have exercised some leverage to encourage the thought, but our program, the trust which we have just set up, is for the education of 500 nonwhites who have nothing to do with his business or ours. They are just citizens of the country.

Mr. WHALLEY. What particular ability do your employees have to have in the distributorship? Is it principally sales and repair?

Mr. WYMAN. Sales, repair, service, the normal commercial activities, accounting, et cetera. It is not a manufacturing operation.

Mr. WHALLEY. Where do you get those employees? Do you train them in this country, or do you train them before they start working for you?

Mr. WYMAN. They are not our employees. They are employees of Frank & Hirsch. But they are all native South Africans.

Mr. WHALLEY. Well, what type of ability does it take for those employees?

Mr. WYMAN. It varies. The salesmen require an apprenticeship in the sales field. In the IBM department, it requires some basic punchcard training. They have some junior clerks in the accounting department. I am talking now about nonwhite employees. They have basic office skills, secretarial skills, typing, shorthand, et cetera.

Mr. WHALLEY. Do you have any difficulty getting employees, these 300, approximately?

Mr. WYMAN. No. I think that the problem, as it is the problem all over South Africa, is not so much the numbers, but the skills. One of the first programs that has been implemented since we undertook this activity—which was announced in January—has been the supervisory training program for nonwhites. They have appointed seven new supervisors. It is the upgrading of the nonwhite skills that is the problem. The white labor market is inadequate, as I am sure you know if you have just come back from South Africa. That is where the hope is. The needs are so great for people to be trained, and the white population doesn't exist in sufficient numbers to meet those needs.

Mr. WHALLEY. When did your company go into South Africa?

Mr. WYMAN. Well, again I have to say, technically, we are not there.

Mr. WHALLEY. The distributorship.

Mr. WYMAN. Since 1938.

Mr. WHALLEY. 1938?

Mr. WYMAN. Sunglasses were sold in 1938. We entered the photography business only after the war.

Mr. WHALLEY. What are the prospects on the basis of business of expanding the number of employees?

Mr. WYMAN. I would say they are excellent. Our business there, and Mr. Hirsch's business, has grown very substantially along with the 13 percent growth in the economy. Our own business there has grown at a rate very much commensurate with our growth in international markets around the world, as awareness of our products has increased and his promotional activities have been successful.

Mr. WHALLEY. Suppose there would be a vacancy, and you would need someone, and whites would not be available, and you would need someone with skill. Would you be permitted to train that particular person in your business?

Mr. WYMAN. Well, the answer is obviously complicated. What you could call him depends on the particular job. There are some limitations, as I am sure you understand, under the Job Reservation Act. It is my view that there are fewer limitations on the work that he can do, providing, that he is not in a supervisory position over whites.

Hopefully we will come to a point where the limitation of not having blacks supervising whites can be eliminated, but that is not going to be next week.

Mr. WHALLEY. Eligible for anything else, but not supervisory.

Mr. WYMAN. Yes, in some cases there are discrepancies between the title of the job and the work done. In visiting other factories, we found people who were clearly supervising a department with 50 or 60 people, who, in the technicalities of the situation, were still being called a junior clerk on the payroll records to comply with the stupid law.

But another reaction I came back with, was that the business community itself is intensely sensitive to the needs for more skilled labor. A large number of exceptions are being made, either formally, by requesting relief from the job reservations clauses, or informally, by proceeding to do it. This need for more skilled labor is becoming a fairly serious factor in the business situation there. It is so critical that the government keep the economy growing at the rate at which it has been growing—second only to Japan. This fact is what is contributing to the breakdown of the formalities of apartheid in the business world.

Mr. WHALLEY. If you needed two or three people, and you upgraded nonwhites that showed themselves they could do the work, the government would not interfere with that?

Mr. WYMAN. No, sir.

Mr. WHALLEY. They would permit you to do that. But are you talking about the wage or the title, principally?

Mr. WYMAN. Of course, there is absolutely no restriction on wage. It is perfectly clear that the wage discrepancies are monstrous, but you can pay any man working for you in any job any amount of money you choose, under the law.

Mr. WHALLEY. How about the members of the legislature? In some of the states it is just about 50–50 percent now, for permitting more nonwhites to be trained in better jobs.

Mr. WYMAN. I guess I have to say that I really am not familiar enough with the present balance of power and thinking in the Government. I just don't know what the answer to that question is.

Mr. WHALLEY. We talked with some people while we were there, and they seemed to infer that if we need someone, we are just going to go ahead and train them, and no one is going to object, because everyone apparently wants the country to go ahead.

Mr. WYMAN. My view is that if the American business community, in concert, would take this approach vigorously that a very substantial contribution could be made to a fundamental change of climate in the economic community.

Mr. WHALLEY. Are you training these youngsters in high school, apparently, similar to high school educations? You have in mind they will eventually be trained in industry, or your particular—

Mr. WYMAN. I think we have no particular preconceptions. Hopefully they will be educated, useful citizens, whether they become teachers or enter business, or in any role. I think that the staggering need is to build some bridges across the gulf between the educational opportunities today for the white community and the lack of opportunities for the nonwhites. The Government position, as it was the position of Alabama and Mississippi, is that they are perfectly fine schools but I think the facts are wildly to the contrary.

Mr. WHALLEY. It would be your hope, though, that these youngsters that are going to get their schooling would eventually upgrade themselves, and get into the thing, as the condition permits.

Mr. WYMAN. Yes, sir. And again, if 270 other American companies would be similarly supportive on the scale of their activity, the impact would be substantial. I certainly don't mean to exclude the possibilities for British companies which express some small appetites in this direction, and the South African companies.

When you hear the most progressive people in that economy—Rupert, Oppenheimer, others, you have the feeling that there is the germ of a possibility that deserves nourishment—before you file the rejection slip and slam the door.

Mr. WHALLEY. Thank you, Mr. Chairman.

Mr. DIGGS. The gentleman from Iowa, Mr. Culver.

Mr. CULVER. I don't have any questions at this time, Mr. Chairman. Thank you.

Mr. DIGGS. The gentleman from Illinois, Dr. Derwinski, who also was in the Republic during the month of February.

Mr. DERWINSKI. Thank you, Mr. Chairman.

Mr. Wyman, I have been at a few informal meetings where you have discussed this matter, so I am well acquainted with the efforts your company has made, which by any approach must be described as imaginative, and quite fascinating in their potential.

But for the record, could you tell me when you terminated certain services to the South African Government from your distributor, what companies from what countries filled the supply needs?

Mr. WYMAN. As it happens there aren't a large number of other companies making precisely our products, as you may know. But the bulk of our sales to the Government were represented by specialized photographic equipment for hospitals, educational programs, amateur cameras and films, purchased through Government offices. We have no evidence of replacement suppliers.

Perhaps this is as good a chance as any to clear up one area of fact. We have been beaten so hard on one subject that I can't resist the opportunity to set the record straight. As those of you who have just returned from South Africa know, this is the unhappy instrument of what it is all about—the passbook which is carried by the nonwhites. In that passbook is a small, black and white photograph, which can be—and in 90 percent of the cases, is—brought to the office by the person who is making application for his book. It can be taken with anyone's film, just as a chauffeur's license picture can be here.

We have been accused, and accused frequently and regularly, of selling our ID-2 system to the South Africa Government for precisely this purpose. It is obviously a very unhappy purpose. If it were true, we would be unhappier than most of the people criticizing us.

The facts are that the ID-2 system makes a variety of credit cards, drivers license, identification cards, laminated and in color, in this kind of format. And even if there were a willingness to sell that system—which we have refused to sell the Government since it was introduced in 1966—it would be mechanically impossible to have it so.

Now there was some amateur black and white film sold, which there is no doubt was being used by the Government in those few offices where as a convenience they were taking Polaroid pictures with equipment that they hadn't purchased from us, but with Fairchild or Avant cameras equipped with a Polaroid back.

That film purchase was among the things discontinued, obviously, because all sales were discontinued to them. This is not to say that it isn't possible for the Government to secure film in the open market.

I am not sure that answers your question fully.

Mr. DERWINSKI. You indicated that in a few weeks you will be opening up a new distribution company in Nigeria. Are you at the moment involved with any other distributors in any other part of Africa on the scale that you have been in South Africa?

Mr. WYMAN. No; for a variety of reasons relating primarily to the purchasing power of the countries involved and secondly to the very prohibitive duty and import restrictions on luxury products. The total of our business with distributors throughout the rest of Africa is certainly under \$150,000.

So the business in all the rest of Africa put together isn't 10 percent of South Africa.

Mr. DERWINSKI. In other words, your Nigerian distributor will be a major breakthrough for you.

Mr. WYMAN. We certainly hope so, and so does he. We have organized his financing and we are certainly expending a great deal of time and effort in his training. We have people there who will be there for some time, but we are not involved financially. My guess is that he should have a business of \$300,000 or \$400,000 in not too many years.

Of course, Nigeria is obviously one of the exciting markets on the continent. And if it is successful we have a format for going ahead in Ghana, East Africa, and so forth. There are a number of other places where we would move rapidly, if it works.

Mr. DERWINSKI. Mr. Whalley touched briefly on the procedure you followed to increase the salary or wages of your black employees.

Now prior to this new development, what in effect were you paying? Was it close to a minimum wage, or a competitive wage, the going wage for that kind of work?

Mr. WYMAN. Again I have to make the distinction between what we were paying and what our distributor was paying because it is his business. Polaroid sales are only a part of it, though our proportion has grown over the last 2 or 3 years.

Mr. Hirsch is a very interesting and progressive man. He is the chairman of Dorkay House which is an unusual multiracial cultural activity. He is a member of the Progressive Party. He is a friend of Helen Suzman's. He is not—fortunately for us, unfortunately for the country—the typical man. He has paid, on the average, about 15 to 20 percent above the official minimum wage. By the generally accepted

definition of what a man needs, he has been closer to it than most, and is now moving past that point and creating some considerable excitement in doing it.

You can imagine what the reaction is with other companies on either side of the street, what sort of reaction you have in the worker community.

Mr. DERWINSKI. Is the competitive situation there such that these pay raises that he is facing would have an adverse effect on either his profit structure or ability to compete? Or isn't that a basic factor?

Mr. WYMAN. No; I think that as Congressman Diggs said in the beginning, in a general way, the profitability of doing business in South Africa, is more than ample to cover the kinds of adjustments that we are talking about. When your base pay is as modest as the base is there, and you compare the labor cost to the prices which are being charged for products in that market there is room for change. You are talking about reduced profit margins, but in the long run I am not sure that you can't make a compelling case, first, for survival, but second, that in fact, it is an expense well worth making for business reasons. I think that if the basic climate begins to change then the people who are identified in this way are going to be in the best position over the years ahead.

Mr. DERWINSKI. You could also make, I presume, a good argument that you are increasing their purchasing power.

Mr. WYMAN. Exactly.

Mr. DERWINSKI. And therefore stimulating the economy.

Mr. WYMAN. And you have a situation where today, the 3-million whites have something like 83 percent of the purchasing power. Just in terms of a market opportunity I subscribe to your view completely, that if you can move that other base, you are really talking about a straight business advantage.

Mr. DERWINSKI. I can't help but notice, I thought it was a minor political error in your testimony, when you referred to Helen Suzman as being the sole opposition in Parliament. I thought the United Party qualified as an opposition party.

Mr. WYMAN. Well, I guess it is a matter of definition. I accept your comment. I think as the only member of the Progressive Party, if you are building a scale of who is where, she has become both the symbol and the fact of pure opposition. She tells it like not all of the United Party members do. I think maybe that's it.

Mr. DERWINSKI. Now I don't want to get too far astray from your specific assignment in representing Polaroid here, but I notice that you have an interesting background, which includes representing a South American company.

Mr. WYMAN. No. It is a Swiss company.

Mr. DERWINSKI. A Swiss company?

Mr. WYMAN. "SA" is the French equivalent of "incorporated."

Mr. DERWINSKI. The point I was getting to, your experience in international affairs has been basically limited to this assignment in Africa.

Mr. WYMAN. Well, no. I lived in Europe for 6 years, and have worked in the international area, both residing abroad and working abroad. much of my business life.

Mr. DERWINSKI. Now in your contacts with the South African business community, and here I am drawing upon the comment you made at an informal meeting some weeks ago, you did mention the growing pressure for the elimination of what is often referred to as petty apartheid, for economic reasons, as well as humanitarian.

And incidentally, I sensed it when I was there in February. This is the complaint we received from all sources. The fact that petty apartheid was not only an irritating thing to visitors, but is also a great economic complication.

Do you think the developments that you envision will first take place in that field?

Mr. WYMAN. I guess I think that the most encouraging signals today—and don't let me paint the picture of bright optimism, because the problems are monstrous, and the signals of hope are not abundant—but I think that the most promising signals are in this area.

I think the other signal, of course, is this tremendous latent appetite and right of 17 million people who are going to be heard. And I guess the heart of the question is whether they are going to be heard violently soon, violently later, or whether you have the possibility to reduce substantially the need for violence. But there isn't, in my view—and this is a subjective comment—there isn't a great deal of time to live with the status quo.

Mr. DERWINSKI. Thank you, sir.

Thank you, Mr. Chairman.

Mr. DIGGS. We are delighted to welcome to our hearings this afternoon a member of the full committee, who is not a member of the subcommittee, but whose interest in this general subject is well established, and I would now like to yield to the gentleman from New York, Mr. Bingham.

Mr. BINGHAM. Thank you very much, Mr. Chairman. I appreciate that opportunity very much.

First of all, there are several points in your statement that I think are somewhat abbreviated, Mr. Wyman, on the basis of what I have heard from you on other occasions.

For example, would you tell the subcommittee how your committee of four was chosen?

Mr. WYMAN. Yes, of course. I guess I have to go back one step.

The "nonnegotiable demands" were presented in the first demonstration in October. These were (1) the demand for a public statement against apartheid—which I think it is safe to say we have made in loud, clear terms—(2) the demand for withdrawal, and (3) the demand to turn over the profits earned in South Africa to liberation movements specifically dedicated to the overthrow of the Government. When those demands were made, we were called to attention.

We chose not to respond to those particular demands. The 14-member committee was formed in a relatively democratic way. There wasn't a companywide election, but there was a very concentrated program to ask the black community within our company, which happens to be rather substantial—about 10 percent of the company population—to elect their seven members for the full committee, and the representation on the white side was both geographic, hourly, salaried, et cetera.

Mr. BINGHAM. Excuse me. I was referring particularly to the committee of four.

Mr. WYMAN. I apologize for going back one step, but when we decided in the committee of 14 that we desperately wanted to go to Africa, the committee of four was elected by the committee of 14.

Mr. BINGHAM. I see.

Mr. WYMAN. With one precondition, and that was that there would be two blacks and two whites. So all four of us who made the trip survived the election in the group of 14.

Mr. BINGHAM. I understood that the first point in your program that you decided on was a public blast, you might say, at the system of apartheid. You don't say much about that here.

Can you give us a summary of that statement, or perhaps give us the statement itself, for the record?

Mr. WYMAN. I can.

On January 13 after the 3 months of deliberation and the trip down there, we published a statement which was carried in the major papers, the New York Times, the Boston Globe and Herald, the Washington Post, Chicago, Los Angeles, and also 20 papers in the black community. It is a statement I am sure most of you have seen, but I would be delighted to provide copies.

(The above mentioned statement follows:)

AN EXPERIMENT IN SOUTH AFRICA BY THE POLAROID CORP.

Polaroid sells its products in South Africa as do several hundred other American companies. Our sales there are small, less than one half of one percent of our worldwide business.

Recently a group has begun to demand that American business stop selling in South Africa. They say that by its presence it is supporting the government of the country and its policies of racial separation and subjugation of the Blacks. Polaroid, in spite of its small stake in the country, has received the first attention of this group.

We did not respond to their demands. But we did react to the question. We asked ourselves, "Is it right or wrong to do business in South Africa?" We have been studying the question for about ten weeks.

The committee of Polaroid employees who undertook this study included fourteen members—both black and white—from all over the company. The first conclusion was arrived at quickly and unanimously. We abhor *apartheid*, the national policy of South Africa.

The *apartheid* laws separate the races and restrict the rights, the opportunities and the movement of non-white Africans. This policy is contrary to the principles on which Polaroid was built and run. We believe in individuals. Not in "labor units" as Blacks are sometimes referred to in South Africa. We decided whatever our course should be it should oppose the course of *apartheid*.

The committee talked to more than fifty prominent South Africans both black and white, as well as many South African experts. They heard from officials in Washington. They read books, papers, testimony, documents, opinion, interpretation, statistics. They heard tapes and saw films.

They addressed themselves to a single question. What should Polaroid do in South Africa? Should we register our disapproval of *apartheid* by cutting off all contact with the country? Should we try to influence the system from within? We rejected the suggestion that we ignore the whole question and maintain the status quo.

Some of the black members of the study group expressed themselves strongly at the outset. They did not want to impose on the black people of another country a course of action merely because we might feel it was correct. They felt this paternalistic attitude had prevailed too often in America when things are done "for" black people without consulting black people.

It was decided to send four of the committee members to South Africa. Since this group was to include two black and two white members, it was widely assumed they would not be granted visas. They were.

It was assumed if they ever got to South Africa they would be given a government tour. They were not.

It was assumed they would not be allowed to see the actual conditions under which many Blacks live and would be prevented from talking to any of them in private. They did see those conditions in Soweto and elsewhere. And with or without permission they met and talked to and listened to more than a hundred black people of South Africa. Factory workers, office workers, domestic servants, teachers, political leaders, people in many walks of life. They also talked to a broad spectrum of whites including members of all the major parties.

Their prime purpose in going to South Africa was to ask Africans what they thought American business should do in their country. We decided the answer that is best for the black people of South Africa would be the best answer for us.

Can you learn about a country in ten days? No. Nor in ten weeks. But our group learned one thing. What we had read and heard about *apartheid* was not exaggerated. It is every bit as repugnant as we had been led to believe.

The group returned with a unanimous recommendation.

In response to this recommendation and to the reports of the larger study committee, Polaroid will undertake an experimental program in relation to its business activities in South Africa.

For the time being we will continue our business relationships there (except for sales to the South African government, which our distributor is discontinuing), but on a new basis which Blacks there with whom we talked see as supportive to their hopes and plans for the future. In a year we will look closely to see if our experiment has had any effects.

First, we will take a number of steps with our distributor, as well as his suppliers, to improve dramatically the salaries and other benefits of their non-white employees. We have had indications that these companies will be willing to cooperate in this plan.

Our business associates in South Africa will also be obliged (as a condition of maintaining their relationship with Polaroid) to initiate a well-defined program to train non-white employees for important jobs within their companies.

We believe education for the Blacks, in combination with the opportunities now being afforded by the expanding economy, is a key to change in South Africa. We will commit a portion of our profits earned there to encourage black education. One avenue will be to provide funds for the permanent staff and office of the black-run Association for Education and Cultural Advancement (ASECA). A second method will be to make a gift to a foundation to underwrite educational expenses for about 500 black students at various levels of study from elementary school through university. Grants to assist teachers will also be made from this gift. In addition we will support two exchange fellowships for Blacks under the U.S.-South African Leader Exchange Program.

Polaroid has no investments in South Africa and we do not intend to change this policy at present. We are, however, investigating the possibilities of creating a black-managed company in one or more of the free black African nations.

Why have we undertaken this program? To satisfy a revolutionary group? No. They will find it far from satisfactory. They feel we should close the door on South Africa, not try to push it further open.

What can we hope to accomplish there without a factory, without a company of our own, without the economic leverage of large sales? Aren't we wasting time and money trying to have an effect on a massive problem 10,000 miles from home? The answer, our answer, is that since we are doing business in South Africa and since we have looked closely at that troubled country, we feel we can continue only by opposing the *apartheid* system. Black people there have advised us to do this by providing an opportunity for increased use of black talent, increased recognition of black dignity. Polaroid is a small economic force in South Africa, but we are well known and, because of our committee's visit there, highly visible. We hope other American companies will join us in this program. Even a small beginning of cooperative effort among American businesses can have a large effect in South Africa.

How can we presume to concern ourselves with the problems of another country? Whatever the practices elsewhere, South Africa alone articulates a policy exactly contrary to everything we feel our company stands for. We cannot participate passively in such a political system. Nor can we ignore it. That is why we have undertaken this experimental program.

Mr. WYMAN. But there are about four references to *apartheid* in this statement—which was obviously widely published and quoted in South Africa—and perhaps I could pick them out here. The first conclusion we arrived at quickly and unanimously, “We abhor

apartheid, the national policy of South Africa." That was about as clear as anyone could state it in the corporate world and then went on to a description of what apartheid is.

Then all through it, there is a thread, "Should we register our disapproval of apartheid by," and so forth, many of the echoes you have heard in the statement here. I think there is one thing that was clear. We couldn't go on with the status quo.

Mr. BINGHAM. Did the South African media cover the fact that you had said you abhorred apartheid?

Mr. WYMAN. Oh, in detail.

Mr. BINGHAM. What was your personal reaction, if you don't mind saying so, to what you witnessed in South Africa? Were you surprised? What was your personal impression?

Mr. WYMAN. I guess intellectually, I wasn't surprised, because we had read a lot, and tried to understand as much as we could before we left. I had never been there before. But emotionally, it is not a time when you are very proud to be white. The little things. Johannesburg is a city, as you all understand, of 2 million people. During the day you see something like 300,000 or 400,000 blacks, who are traveling from Soweto, who fill the city's work force. You feel as though you are in New York, Los Angeles, any major city during the day, and at 9 o'clock at night, you walk on the street, and you realize in a very clear way, that they aren't there—that half a million people have been moved.

And the next morning, at 6 o'clock, you are up, and you see it again.

We didn't have any particular personal embarrassment. We traveled freely, but we were in a very artificial situation to say the least. We had a kind of diplomatic immunity, which I guess Carl Rowan, and others who have made the trip, have felt. You come away with a feeling of the contrast between today's situation and the enormous potential of that country and the possible role it can play in the total African situation, in terms of the skills which are there, the wealth which is there, the potential economic nucleus that it could be.

But you see the white neighborhoods, and then you see Soweto. It is such a conspicuous situation that all of the whites seem to be thriving. The second class, the less capable whites, are not suffering. They are not—they are still several steps ahead of the top level of the nonwhite community.

But the frustration of it; it is incredibly beautiful country, rich in all kinds of resources. If you have traveled at all in the rest of Africa, and you see what their needs are, and the leadership role that could be played with a different management.

Mr. BINGHAM. Would it be a fair summary of all that to say that you personally found the total impact of apartheid appalling.

Mr. WYMAN. Worse than that. Yes.

Mr. BINGHAM. On your way out there, with your committee of four, did you have any kind of expectation of what your recommendation would be?

Mr. WYMAN. I think if we had voted on the plane going out, as nearly as I can tell, my guess would be that three and a half votes against staying would have been registered. I think I was the only one who hadn't really decided.

Mr. BINGHAM. But in the end, the committee recommended this program unanimously.

Mr. WYMAN. Yes, it was interesting. Nobody believes it, but we had originally planned to leave South Africa and stop some place, and spend a day or two to collect our thoughts, and write the report, so to speak.

As it happened, we decided it would really be a better thing to do to come back and report individually to the committee of fourteen, which we did. We had very much come to, by different routes, and slightly different shapes, very, very much the same conclusion that, at least initially, we had no choice in conscience but to try to respond to the requests for help and support that we heard there.

Mr. BINGHAM. If your committee had recommended that Polaroid withdraw totally from South Africa, would the company have gone along with that?

Mr. WYMAN. Absolutely. This is a little different from normal corporate practice, but Dr. Land, the chairman and president of the company, had indicated to the committee when it was formed that on this issue, inasmuch as the responsibility to the black community within the company, and the responsibility to the total employee population—given the small scale of the business—was the primary consideration. Whatever the committee decision was, he guaranteed to deliver both the management vote and the board vote. This was stated in a sufficiently public setting so that had he had an appetite to renege, I think it would have been impossible.

I think it was a genuine commitment, which would have been honored in another direction.

Mr. CULVER. Could the gentleman yield at that point?

Mr. BINGHAM. Yes.

Mr. CULVER. I wonder if I understood you correctly.

Did you say: given the small percentage of the business represented?

Mr. WYMAN. Yes, for Polaroid.

Mr. CULVER. Yes, I appreciate that, but was that one of the considerations that would determine how he would resolve the moral question of recommendation from your committee?

Mr. WYMAN. No.

Mr. CULVER. What if the magnitude of Polaroid's business had been a far larger proportion of your overall business volume? Would there be a different set of instructions to your group with regard to recommendations on the moral issues involved?

Mr. WYMAN. Recommendations to the group, or his position?

Mr. CULVER. Well, the extent to which he would pledge management cooperation and acceptance of the committee's recommendation as a final decision on the subject.

Mr. WYMAN. No, I understand your question. I don't believe that the scale of the business would have affected the decision, but let's be realistic. It is easier, without investments, without people of your own, to delegate such a decision. If you have \$40 million worth of plant and equipment, and 5,000 employees, you perhaps are not so free to turn it over to the employees to decide.

The shareholder implications presumably are different.

Mr. BINGHAM. Has any publicly-held American company withdrawn from South Africa, or made a conscious decision on moral grounds not to carry on business there?

Mr. WYMAN. Not to my knowledge.

Mr. BINGHAM. I believe one of the points in your program was to try to interest other American companies in some program similar to yours. This is my last question. What has been your experience on that? What has happened?

Mr. WYMAN. Well, as you might imagine, we have had a large number of inquiries as to what we have done, and why we have done it. And the question, of course, is what are the motivations for the inquiries. Some have obviously been purely requests for information, and in a relatively detached form.

Others have been, I think, concerned at a paradox between the company that has taken a relatively forthright position, and the amount of heat it has suffered for having done so.

Again, a subjective reaction I have been very much encouraged at the third group of companies who are conspicuously interested in learning more about the problem. It is frightening how many people have been doing business there for very substantial amounts of time with very substantial involvement, who have not addressed themselves to the question of whether it is right or wrong.

In most cases, by definition, South Africa has been in their total business less important than Europe, or Asia, or other parts of the world. But I would say that today there are 10 or a dozen major corporations which are thrashing out in their individual ways how to proceed and how to declare themselves on this subject.

And I think that, of itself, is an exciting development, that the issue is now properly before—not sufficiently, but relatively formally—the business community.

Mr. BINGHAM. Thank you very much. Thank you, Mr. Chairman.

Mr. DIGGS. The Chair would like to yield now to one of the new members of the subcommittee, the gentleman from Michigan, Mr. Vander Jagt.

Mr. VANDER JAGT. Thank you, Mr. Chairman.

Could you tell me how you feel your program, and assuming your lead is followed by other industries, how will your program change the policies of the South African Government?

Mr. WYMAN. It is a question of alternatives. We have taken a relatively simplistic approach. We have identified a graphic definition of injustice and inequity. What are the needs of the black community, the nonwhite community, which includes another 2 or 3 million "Coloured"? What are those needs?

There is certainly the need for leadership. If their case is to be presented within South Africa, there certainly aren't enough enlightened liberals in South Africa to do it.

I found an encouraging number of people who seemed to be concerned. One of the ingredients of leadership is education. One of the ingredients of the ability to pull together the presentation of the case representing such a massive majority is money. The power to move toward some goal. I think that these are simple steps that, by definition, seem to be worth doing.

The impact of our action—particularly where there are so few people involved in the immediate orbit of the business we conduct there—is certainly not going to change the course of South African history.

On the other hand it is these kinds of steps, if echoed on the scale of the total American business involvement in South Africa, which might be constructive. I think that collectively there is a way, and there is a large area of potential activity which presses the existing laws, and eats at the edges of them, which most American companies, and most foreign companies, have been several steps away from. There has been no testing of the frontier. There has been an acceptance of the status quo—as being either attractive or inevitable—and belief that it is none of our business to endeavor to exercise this kind of concern for social responsibility and justice. I think that the essence of our experiment, and we do it with a certain humility, is to find out whether that appetite which you feel the timing is right for—God knows the need is right for—that maybe by taking this kind of a stand you can test how much willingness there is to rattle the cage.

We mean it when we say that if at the end of 12 months we see no progress we will give it up. There is no trick to giving away \$75,000 to the leadership exchange program, ASECA, and to support the education of a number of people. Those are mechanical things and they are within the law. Raising some wages isn't tough. It is, again, within the law.

Training some supervisors—as long as they don't supervise any whites—you can do. But the experiment is to find out whether there is a real power that hasn't been drawn on, and a real concern. We have to take the decision, it seems to me, with a clear view of what the alternative is, and what is to be accomplished by proceeding in a different way.

If you depart from the principle that the status quo is out of the question—you just can't stomach it—then the alternatives are not terribly convincing, either.

Is it practical to believe companies are going to pull out, particularly companies that have a substantial stake? And if they do pull out does it make it better or worse?

We view those as the only two directions you can go. If there is merit in both cases, for an individual company such as ours, for an individual government, there is only one sequence in which you can try the two alternatives.

If you get out, you are gone, for whatever effect that may have. If you stay, and wrestle with it, you can decide to go later. And that may very well be what happens for us.

Mr. VANDER JAGT. Thank you, Mr. Chairman.

Mr. DIGGS. I would like to yield now to another new member of the subcommittee, the gentleman from California, Mr. Dellums.

Mr. DELLUMS. Thank you, Mr. Chairman.

Mr. Wyman, I have a few questions for you. A couple of the questions would be rather factual, and a couple of the questions will be more philosophical. And I apologize for not being at the meeting in time, and so I wasn't able to hear your original remarks, but I have read your statement.

You mentioned that you no longer sell the ID-2 system. Is this correct?

Mr. WYMAN. We have never sold it in connection with the pass-book program.

Mr. DELLUMS. Do you in any way provide the film or do you service the system in any way?

Mr. WYMAN. As I tried to explain earlier, the passbook requires a small black and white photograph. This photograph can be made with anyone's camera, with anyone's film. The vast majority—I think the figure is about 90 percent of the people who come in for their applications—bring their picture. Some bring a Polaroid picture, made with amateur cameras. There are people who use Polaroid cameras to take chauffeur's pictures and other pictures for other needs. If they come in with a Polaroid picture—which they have acquired wherever—we have no mechanism for controlling that. We have discontinued the sale of all of our products to the Government.

That is not to say that they can't buy Polaroid film in any dealer's shop. As they would be able to in our view, even if our company were not in South Africa—if we didn't have a distributor there. There is ample evidence that wholesalers in the United Kingdom, distributors operating from Hong Kong, would make Polaroid products available in South Africa. We would have no control.

Mr. DELLUMS. And so your specific response is that you are not involved in any formal way in providing film or servicing it.

Mr. WYMAN. We have taken every possible step we know how to limit what was a small involvement, to the best of our knowledge, in the past.

Mr. DELLUMS. The second question: Obviously, one of the factors that generated an extraordinary concern with respect to Polaroid involvement in South Africa has been the employees themselves. One particular group of employees who pulled themselves together as members of the Revolutionary Workers' Movement against Polaroid's involvement in South Africa. My specific question with respect to that was why were some members of that movement, who raised this question, very seriously, to the point where your company would even get to the point of experimentation with the issue, fired?

Mr. WYMAN. Well, there are two considerations. We have had a long history of individual expression, dissent, and freedom of speech within the company.

As a kind of example, after Kent State we made an offer to all of our employees, no matter how they felt about the events there—and the same has been true of the war in Vietnam—to send telegrams to their Congressmen, and Senators, at company expense.

We have also, I think I can report to you with great conviction, spent massive numbers of hours sharing employee grief on a wide variety of subjects. I think I can tell you that my guess would be that among our population of 8,400 employees, that I could identify individually 300 who are more than skeptical about the experimental program, who really think that it isn't going to work.

I think those same people have great respect for the decision process and the integrity of how we have gone about it. But they just don't happen to agree. And I think that is great. I think I have expressed myself. You can't be clearer about it.

Now there were three—to the best of our knowledge—three employees who have been publicly identified with what they have termed the "Polaroid Revolutionary Workers' Movement."

The first of those three, about a week after the first demonstration, resigned from the company in the course of a radio broadcast. The other two were terminated, not because they objected to the company's program in South Africa, but only when they chose to reflect that objection by distributing leaflets, calling for the boycott of the company's products, actively in public at a local department store. Rightly or wrongly, I happen to think it is a reasonable definition of a limit, in terms of appropriate public behavior. There is an inconsistency between calling for the boycott of the company's products, and collecting wages from the company. That is a distinction we have made, and I must say it is a distinction which has been widely supported. It was considered to be long overdue by a very major share not only of the white population of the company, but also of the blacks.

Mr. DELLUMS. May I just make a comment to that. At this moment, I draw a \$42,500 welfare check from the Government and I oppose the Government's involvement in Indochina, and many other policies. And I would like to think that my ability to do that is based on my right under the first amendment to dissent.

And can you tell me what the difference is here, where an employee who is exercising—in most instances—the only mechanism he has, and that is, to go to the public, to dramatize the issue; some may agree or disagree whether boycott is a legitimate mechanism for protest, but given our pronouncements against violence as a way of solving domestic problems, it seems to me that raising the issue of the boycott is certainly an appropriate alternative.

At what level do you draw the line? Because I think there is a very fine distinction that is being drawn here, one in my estimation, that borders on the infringement of first amendment rights.

Mr. WYMAN. Well, Congressman Dellums, I guess that I would like to conclude my observations on this subject, because I think the matter at hand is appropriate policy in connection with business in South Africa.

Mr. DELLUMS. But my reason for asking the question is to deal with the issue of whether there is some consistency or lack of it. If Polaroid on one hand, takes a punitive position with respect to those employees who dissent from the policies of the company, at one level, yet at an international level, Polaroid takes what they hope to be projected as a humane and progressive approach, with respect to the experiment, and therefore I am raising the issue of continuity and consistency.

Mr. WYMAN. Well, I would say two things. There is a great deal of background relating to the behavior of the people in question, which I think very definitely would be inappropriate to make a matter of public record. I think that Polaroid stands in our community on the record of providing very elaborate and broad-gauged mechanisms for not only permitting but encouraging dissent. I don't find an inconsistency at all. But, of course, I have lived in that world, and I guess you have to understand the detail before you make the judgment.

I understand your question, and it is a sound one. I wish I could give you a more satisfactory answer. Maybe some time I will have the chance to pursue it with you.

Mr. DELLUMS. Thank you, Mr. Chairman. Do I have any additional time?

This next question, perhaps, is a little more philosophical. It provides some perspective.

Even within the framework of your experiment, the experiment that you allude to, isn't it true, however, that you still place those stockholders and those employees in the company who are black, other racial minorities, or whites who understand the evil of racism, in support of this particular experiment, because it still, in practical terms, means aid and comfort in a sense in a country that practices blatant racism.

I mean, don't you still place the black employee, who over the past 5 or 6 years has been struggling diligently with the question of black identity, dignity, pride, and who is striking out against prejudice or racism and discrimination, don't you still place that employee—whether he is black, brown, red, green, or white—who seriously opposes racism, as an institutional evil in the country, in that dilemma of working in a company that even though it experiments, in practical terms, still supports economic development in that country?

Mr. WYMAN. I understand your question. As much as I can put myself in the position of the black employee of the company, I don't think that the program that we have announced and the way we have announced it provides much comfort to the South African Government. I think it is a categorical rejection of their system. It is a categorical statement that we are working to effect a change of that system; that we are exploring a technique to go at it, exploring the possibility of mobilizing major support to go at it.

I think the definition of an experiment is a willingness to concede that it may not work. Contrary to your suggestion, the blacks who went to South Africa and came back with a very different view of what the right course of action would be, I think they are taking considerable pride in the fact that we have become the first company to take this positive—or, if you will, this negative—public position.

It is more than our own Government has been willing to do, and it is more than the business community at large has been willing to do.

Mr. DELLUMS. I personally hold the notion that the most powerful force on the face of the earth is public opinion. And with that in mind, if Polaroid, by virtue of your last comments, is interested in changing the nature of the system in South Africa, would it not be more appropriate for Polaroid to take the international position of total withdrawal from South Africa, as a way of saying clearly that as one member of the business community in America, when it comes to the issue of morality versus profit, we will opt for morality, as a major factor in mobilizing world public opinion against the policies in South Africa?

I know this country has experienced great pain in the world, with respect to our participation in the Indochina war. So we are familiar with the fact that world public opinion can be a very forceful mechanism. It would seem to me that if one member stood up and took that position, that it may be a much greater, more aggressive step toward an effort to bring pressure on that system, by affecting public opinion.

Any comment on that?

Mr. WYMAN. Yes; a good deal.

It is obviously the other thesis. It is also, obviously, an option which remains open. I think it also would be fair to say that if at the end of the experimental period, we decide that there is no conspicuous evidence of change or potential change of the sort that we are dedicated to, I suspect that our decision to withdraw, the drama of it, would be substantially enhanced by the fact that we had tried damn hard to work in another way.

There are two issues. One is public opinion. Are we concerned about public opinion in this country? Because it is easy to know how to satisfy that; that is get out. If you are interested in effecting change in South Africa, that move may not be right. The blacks there certainly didn't seem to say so. Their feeling is if Polaroid—you may be big in the United States, but you are not very big here—gets out, there will be a certain stir, but it is the same kind of stir that you have had with the declaration from the World Council of Churches, and the U.N. declarations. There will be other companies who will replace the business you do here, maybe even other companies selling your own products, importing them from another source. But we don't see that impact having as much leverage on the Government as another course could be as a leading wedge in a totally different approach on the part of the American business community.

And I guess that's another way of restating what I have tried to say as to why we have opted to move in the direction we have, at least in chapter one of this story.

Mr. DELLUMS. My last question. Do you have a specific set amount of time in which you will evaluate the program?

Mr. WYMAN. The 13th of January 1972. One year from the date that we began. Very definitely.

Mr. DELLUMS. I yield back the balance of my time, Mr. Chairman. Thank you.

Mr. DIGGS. ~~Mr. Wyman, back to your experience with the employees, with the revolutionary workers that were fired. What position did the union take in connection with that?~~

Mr. WYMAN. ~~As it happens, Mr. Chairman, we don't have a union.~~

Mr. DIGGS. You do not have a union. I see.

You said you did not respond to the demands of that group, but you did react to the question, and I am trying to understand the distinction there.

Mr. WYMAN. Well, I put it this way: The style of the presentation of the nonnegotiable demands, the way it was done was unhappy, but the record should be clear. We have, in my view, a debt of real substance to them for the crystalization of the issue. And when I say we didn't respond to the demands, I say that we didn't open negotiations on nonnegotiable demands.

What we did, we essentially turned inward and it was overdue that we should have done so. And when I was talking about other companies sleeping on the question, we were among them. We turned inward and tried to go to work to understand. They deserve every credit for putting that issue on the table, in such a way that at least, inside the company, we were compelled to face these questions.

Mr. DIGGS. Well, in other words, despite your criticism of their style, is it not fair to say that had they not presented it in that fashion; the experiment perhaps never would have gotten started?

Mr. WYMAN. Certainly not as rapidly. I fully accept your point.

Mr. DIGGS. The committee of employees, the 14 who originally undertook this study, could you tell us something about who they were, how they were selected, or elected, or—

Mr. WYMAN. Yes. We have a committee in the company which is called the Volunteer Committee, which represents the 800-odd, about 830, now, I believe, black employees of the company. They elect their own officers, and deal with the management representing black concerns and interests—upward mobility, pay, hiring, et cetera. And they were asked to constitute the 14-man committee. The chairman of the Volunteer Committee was one of the people who made the trip with me to South Africa.

The Employees' Committee, which is the group which represents the total company population, elected companywide, were asked to provide five of the remaining seven, and they did so in very much the same way, through their mechanism. I was designated primarily because I have been involved in the international field. Another man on the executive committee of the company, was also selected. We were the management people involved during the process.

Mr. DIGGS. You mention what amounts to a black caucus of employees within your company.

Mr. WYMAN. Well, it is the representation of the black—

Mr. DIGGS. Is there one—

Mr. WYMAN. Yes, the Volunteer Committee.

Mr. DIGGS. What is your understanding of the rationale? Why do they feel compelled to form such a group?

Mr. WYMAN. It is the need which we face as much as most companies today I suspect, the need to address ourselves to the problems there—their problems, our problems, of the special interests and requirements of the massive catching up job which is required. In my view, and it is hard for me to think of an industrial enterprise that doesn't face the need of moving significantly in the direction of upward mobility.

The fact is that 10 percent of the company population is black, and in the Greater Boston community that doesn't quite fulfill our obligations. We have done a great deal better than some, than most.

Our black population within the company is skewed, as most are. Unfortunately, there are no black officers of the company today. The number of blacks in senior positions is well below where it should be.

Mr. DIGGS. So it is fair to say that this group was created out of certain employment conditions that were prevalent at Polaroid, prior to their establishment. Is that correct?

Mr. WYMAN. Well, I suppose it is unmet needs; yes.

Mr. DIGGS. Why did the company decide to spend what I understand is about \$50,000 in these full-page advertisements across the country? Why did they decide to proceed in that fashion, rather than quietly negotiate or quietly move into this experiment?

Mr. WYMAN. I think there are two reasons. One is that we were anxious as a part of the experiment to attract the attention of the business community in as dramatic a way as we knew how. We wanted, hopefully, to exert some pressure, to share the experience we had had. We thought it was rather unique.

This seemed to be the way, one way to respond to that need. One of the criteria for judging the experiment was going to be how many

people took this kind of a direction, or how many explored it, and at least made a judgment, faced the issue of how they should be behaving, took a more rational and conscious decision than has been the case. To reach them was one objective of the ad.

I think the second point was that from the 4th of October to the 13th of January, to the best of our ability, we maintained a very low profile position on this subject. We said we were wrestling with the problem. We were studying it. We were going to South Africa. And during that period there was a great variety of literature, public criticism, comment, some support, some objection, because we didn't have a position at that time.

But over those months there had been a tremendous buildup of curiosity, a buildup of criticism, and we felt obliged to respond. We are very proud of the record we have had in the area of social responsibility and corporate behavior, and I guess we felt that it was a duty to the stockholders, and a duty to the employees to try and straighten out the record and describe our plan in such a way that people could make a judgment as to whether what we were doing was right or wrong. At least to make one statement, and it is the only statement we have made.

Mr. DIGGS. It was not in response to any of the results of boycott, or any of the actions of that type.

Mr. WYMAN. No.

Mr. DIGGS. Mr. Wyman, you mentioned that you have indications that there are other companies that are willing to cooperate in this manner, and you categorized them in three ways.

I was wondering if you could—are in a position to provide for the record the names of the companies, particularly those that appear to be those 10 or 12 that appear to be seriously considering emulating your experiment.

Mr. WYMAN. Well, no, I don't think I am, but it is important to say why. I think that those companies are going through a process something like our own in that they are responding to internal and external pressures. They are in the act of policy determinations, soulsearching, and I think that we would have been terribly unhappy to have someone else discuss what was going on, or to give a judgment as to how they may behave. I think it would be inappropriate.

I also think that it is terribly important in this area, that we avoid the risk of reaching for any kind of a federation of American companies, an organization of companies who have a specific and common program in detail for dealing with South Africa.

I think the realities of South Africa are such that the greatest change can be affected if people come to their independent decisions, support the specific types of programs of the same sort, but not identify or join the "Polaroid approach," not specifically as such. If the major companies come forward individually and take a constructive position, I think that is really the essence of what would make sense.

Mr. DIGGS. Well, you said, Mr. Wyman, that before you left or the committee heard from officials in Washington, and they read books, papers, and testimony, and heard tapes and saw films. I am just curious as to the breadth of the individuals and groups to whom you talked before you embarked on the trip.

Did they come from established groups that are acquainted with the, through experience and other ways, with the South African situation, or just what was the criterion for determining whose advice you would seek:

Mr. WYMAN. Well, in many cases, the advice was not sought, but offered, and I can't think of any offers that were turned down.

We talked with the academic community. We talked at Harvard, MIT, Johns Hopkins, the major universities that have African studies departments or political science departments, and individuals who had individually a reputation for expertise in the area.

Mr. DIGGS. What about—you said Washington officials.

Mr. WYMAN. We talked with the State Department.

Mr. DIGGS. State Department.

Mr. WYMAN. We talked with both—

Mr. DIGGS. Did they give you any encouragement about this one way or the other.

Mr. WYMAN. None other than they gave us advice on how to proceed with the visa applications. I think their general thesis was in support of dialog, but they—I have to say they were essentially noncommittal in terms of providing—

Mr. DIGGS. Any members of the legislative branch?

Mr. WYMAN. No. Not that I can remember. We were certainly aware of the activities of the Committee on Africa, which is a matter of public record, their thesis is readily available. Mr. Hightower talked with part of the committee. He made a visit to Cambridge for that purpose.

We talked with people representing the Pan-African Congress, or at least, the original Pan-African Congress. I think this covers the Washington list.

Mr. DIGGS. Well, apparently, according to your testimony, apparently you got on the plane, with three and a half—and I think—that is, I certainly don't consider you half a man, but you got on the plane with three and a half of the group having made a decision in their own minds, if I understand you correctly.

Mr. WYMAN. Well, you will recall this was my guess as to what the situation was. But I don't back off from that.

Mr. DIGGS. Well, it is obviously an educated guess.

Mr. WYMAN. Yes, sir.

Mr. DIGGS. And after going through the experiment of contacts with the South African officials and citizens, and so forth, you came out just the opposite. I am just curious as to what was the one thing, or the group of things that made you turn completely around on that situation.

Mr. WYMAN. The voice of the South African black community.

Mr. DIGGS. Now, since black people in South Africa are voiceless and voteless, I am curious about who you are talking to there. You indicated that there were more than 100 black people in South Africa to whom the committee talked, and I am just curious as to who these people were, and how representative they were of 17 million black peoples' opinions.

Mr. WYMAN. Well, let me go back, if I may. You say "voiceless and voteless." Voteless, yes, and they face some major problems in

expressing views, particularly the view that anyone should pull out of South Africa.

I recognize that, sir.

It is a treasonable offense. At least a dozen of the hundred people whom we say were people who are in one way or another in conspicuous difficulty with the government, whose names—not to overdramatize the situation, but you understand the realities—whose names I am not in a position to give you. In some cases, whose names I don't have, because it was arranged in such a way that this was not possible, or desirable to have names. But we came away with the feeling that recognizing all of the difficulties—and this is particularly true of the two black members of our team—that we had come a long way during the time we were there in getting an honest response from a sufficient number of people who were willing to talk freely to believe that we had a genuine request for help. That was not to be interpreted as the scared citizen, afraid to speak his real thoughts.

Mr. DIGGS. Did you have any escort from the Government, from the South African Government, during the time that you talked to any of these people?

Mr. WYMAN. No.

Mr. DIGGS. At least, not that you were aware of.

Mr. WYMAN. Well, when you say "escort" you mean physically present with us, and identified as with us, no. And I suppose it is possible that we were followed and preceded to various places, but my personal assessment would be that we were not.

Mr. DIGGS. Your advertisement says that the Polaroid business associates in South Africa will be obliged to initiate a well-defined program to train nonwhite employees for important jobs within their companies. Now how important could such jobs be, if they prevent a nonwhite from ever supervising a white?

Mr. WYMAN. It depends on the construction of the business. For example, when we visited the Datsun automobile plant, they were putting on a new wing of that plant, which was going to employ about, as I remember it, 85 people, and they had identified the man who was in training to supervise that activity. He was black.

All 85 people were going to be black, but my impression was that that was a fairly important operation in that particular factory, and I wish there were six whites working there, but that isn't the reality of today, or next week.

Mr. DIGGS. Now in reality, using that term, you don't have much leverage over your representatives in South Africa. There is nothing to stop Frank & Hirsch from purchasing materials from British or other European firms. Is that not true?

Mr. WYMAN. We have a contractual arrangement where he could purchase other photographic materials and he could discontinue the sale of Polaroid products, but I don't think that has been an issue.

One of the minor excitements of the program has been his own performance. He is an unusual man, but I don't think it is unreal to believe that others could find the same excitement.

Mr. DIGGS. How many agencies does he have besides Polaroid?

Mr. WYMAN. I think five or six. He has the Nikon cameras, Schaeffer pens, and I think SCM typewriters. He has a number of them.

Mr. DIGGS. So that in fact, not many Africans would actually lose their jobs if Polaroid discontinued their business with that agent, because he has many other items that he is stocking. Isn't that true?

Mr. WYMAN. I think that his assessment was that if we withdrew, that of the 146 blacks that there probably would be no more than 20 or 30 who would be out of work as a result.

Mr. DIGGS. I am also curious about the ability of Polaroid to effect these situations, because if, for example, a Frank & Hirsch male employee dies in the ordinary course of events, you would not be able to save the wife and children from being evicted from his home, and perhaps people listening in the audience do not know that Frank & Hirsch is located in Johannesburg, and under the law, when a husband dies, the municipality is committed to ejecting the wife and children from the house, and under the migrant labor system there, Africans are only temporary residents in urban areas, and the only person who can legally occupy the home is the man.

You don't have much control over that situation, in the event that one of these employees dies. I am trying to establish really what is the effect of the Polaroid to affect the South African situation, which is essentially the theme of your whole experiment here, is to try to have some impact, but with these kinds of limitations, Job Reservation Act, what happens to the wife and children if somebody dies, the fact that he can't supervise a white employee, no matter how lowly a position, you put all these things together, just how realistic is it, to really call it an experiment?

Isn't the result predictable?

Mr. WYMAN. Well, Mr. Diggs, I hope you don't interpret any of my testimony today as being supportive of the present situation. I think I am as appalled as you are at the conditions which exist regarding ownership of property, to take one example.

What I am talking about is creating the climate in the community there—and I define the community there as being black and white—of affecting that climate so that the breakdown that we are beginning to see in the job reservations area will continue so that there will be a developing climate of opinion, which makes it unacceptable for the implementation of policies which would permit the eviction of those people, the widows of the Frank & Hirsch employees.

Mr. DIGGS. I am curious also as to the assumption that the educational trust itself is going to result in an improvement of the quality of education, because the fact is that no schools, there are no schools to take more children, and schools and teachers are already on triple shifts, in which overcrowding has passed the tolerable point. Teachers themselves, for the most part, have only primary school education, standard 5; fewer have standard 8 or junior certificate level; far fewer have matriculation certificates. Practically none have teaching degrees, or degrees to teach.

What makes you think that Polaroid could do anything to alleviate these kinds of situations, or the fact that over 90 percent of the children are in the four lowest grades in school?

Mr. WYMAN. Congressman Diggs, we spent a fair amount of time while we were there with Mr. Moerane, who is the head of ASECA. ASECA is a black conceived, black run, organization which is dedi-

cated to self-help in the black community, to bring a stronger voice to the Government, to take steps on their own. They are in the process of trying to raise a substantial amount of money within the black community, to address themselves to precisely these problems. And they are having some success at it.

What we have done is provide the funds so they can set up an office. They have been taking a census—which has never been done by the Government—of what the classroom shortages are, how many children are coming to school age next September, how many teachers there are, the kinds of statistics that do dramatize those questions. They hope to develop some leverage for support not only within the black community, but within the enlightened elements of the white community, to do something about it.

Now I feel happier supporting that kind of activity, than saving the time, money, and energy which could be saved by announcing a withdrawal from the situation there. That is what our experiment is all about.

Mr. DIGGS. Well, is it not also true that the education of African children must comply with the Bantu Education Act, and that children will not be taught any skills, because it is illegal for them to hold skilled jobs?

Mr. WYMAN. No. That isn't true. It is not illegal to hold skilled jobs. The inadequacies of the Bantu educational system today are many and substantial, but again, do you work for change, or do you accept the situation as being hopeless.

What would have happened if 10 years ago, in Alabama and Mississippi, had we decided that there was a white racist government, that there was an inadequacy of voting rights, that the educational system was providing unequal opportunities for the blacks in Alabama and Mississippi, and that the whole situation was so foul that the thing to do was to get out and let change take its course there?

It seems to me that the accomplishments, modest though they may have been—and many of them took place in Washington and not in Alabama and Mississippi, I fully concede that—but it seems to me that the small signals of hope and change that we have seen have stemmed from a lot of people who have been willing to work at it where it is.

And I think that is part of the rationale for the experimental approach that we are involved in.

Mr. DIGGS. I yield to the gentleman from Iowa.

Mr. CULVER. Thank you, Mr. Chairman.

Mr. Wyman, at the outset, I would like to take the opportunity to commend you for coming here today and sharing your personal experience and the decisions of your corporation with regard to its future relationships with South Africa.

I am not at all clear in my own mind as to whether or not I agree with the fundamental wisdom of the choice you selected, and the course that you are currently pursuing, although I think we are certainly in basic agreement with regard to the abhorrence of the conditions there, and the necessity for complete transportation in terms of human dignity and human rights.

I would, however, like to say that as someone who has been extremely concerned about the overseas role of American corporations,

and not just their involvement in South Africa, although I think it is unique in terms of the fundamental moral issue there, and raises the type of question that is far more basic, in human terms, than problems of inequity and political disagreement of a more general kind. I was interested in the question that the chairman was exploring with you—where you spoke about this decision being influenced subsequent to your arrival by the voice of the black Africans with whom you discussed this problem.

It says, you spoke to more than 50 prominent South Africans, both black and white, in determining, "What is best for the black people of South Africa." I am troubled, as I sensed the Chairman was, since virtually all elected popularly chosen representatives of black people are now in prisons, detention, or exiled. How many prisoners and exiles did Polaroid have an opportunity to talk to?

Mr. WYMAN. Prisoners and exiles, none.

Mr. CULVER. In April, of course, 1960, as you are aware, the two African political parties, the Pan-African Congress and the African National Congress, were banned, and the leaders put into detention.

Now the reason I ask that is that as you are well aware, that the thinking among this particular element, generally speaking, is the concern with regard to the inevitability of revolution, and the absolute essentiality of violence and bloodshed, before basic human rights and dignity will be observed in South Africa. They have concluded that this is what is necessary.

Looking for a moment at our own social history in this country, we had a civil war, in part, over this question, ourselves. The history of social conscience in response to the labor union movement was accompanied by a social revolution of a sort, and certainly some violence.

My question really is, with regard to this issue of revolution, will the continuation of American corporate economic involvement create political pressures within the political system of our own Nation, so that when this eventuality does in fact take place, 10, 20 years, perhaps not within the lifetime of anyone in this room, but inevitably takes place, that the United States will not find itself coming down on the wrong side of that conflict.

What do you think about that argument?

Mr. WYMAN. Well, I think it is obviously a serious one. I guess that my view is that there are two assumptions that seem to be open to question, and one is in fact the inevitability of violence in the situation there.

Mr. CULVER. I don't mean to interrupt you, but could I really ask you, by way of your conversation here, whether in fact you really think there is much question about that, given the economic and the social and the political realities of South Africa today and given the nature of human history, in terms of bringing about social justice?

Mr. WYMAN. Well, I think that a very substantial amount of change, as I indicated before, has been accomplished in the last 10 years in this country, without national violence.

Mr. CULVER. Again, you recognize, we had a civil war, on the race issue, ourselves.

Mr. WYMAN. I understand that. We didn't solve the race issue with that civil war either.

Mr. CULVER. But we took the only significant giant step.

Mr. WYMAN. Yes. At the cost of hundreds of thousands of lives.

I don't mean to beg the question, but I think that——

Mr. CULVER. Well, see the cost of millions of lives that are already lost every day in South Africa.

Mr. WYMAN. I concede that, too.

Mr. CULVER. And they are being murdered, on an hourly basis, even if they happen to live a normal lifespan.

Mr. WYMAN. That, too.

Mr. CULVER. Now the thing that I wonder about, too, is whether or not this sort of experimental approach, the concern that they understandably have, and I don't mean this critically, of the decision that you made, just in a general sense, because as I say, I am one who is extremely excited to see a representative of a major American corporation before this subcommittee, trying to seek a corporate conscience. We were taught in law school that it didn't exist.

I am serious. I was taught in a law school within a stone's throw, if you have got a real good arm, of your plant, your main office, that a corporate conscience was inconsistent with the purposes of our legal organization. And your obligation to the shareholder and stockholder didn't require you to even pay lipservice to such silly emotion when it came to your legal obligation to their investment.

In fact, you might even be vulnerable to legal suit, if you get too much of a bleeding heart, as we are accused when you care about human issues of this kind.

Now we are seeing that challenged today, in American life. We are seeing it challenged by the kids who, you know, aren't pointing to a dollar sign as an index of a person's worth as a human being. I am very sincere when I say how welcome I find it to be when a man comes here and does talk in a very impressive way about this issue. I see in such a frustrating discouraging way so little of that kind of thing going on in America, and I see the consequences to our Nation over the long haul in its absence, whether in Africa or Latin America, or anywhere else, where we are involved.

But having said that, I think their concern is that this experiment will understandably be appealing, at first blush, superficially, to people who find themselves in such abject economic servitude, and so forth, but that to adopt this constitutes a little more than a sop.

It takes some of the heat off, it serves to ventilate, it serves to take a lot of the pressure off the regime. If you can do it in this milktoast sort of thing, it just kind of postpones the inevitable.

It makes the inevitable more difficult to organize and achieve, and it gives a semblance of response, and change, which in fact is misleading, and in fact, can never serve to eradicate and erase the fundamental revulsion of the inhumanity of that environment, and of that system.

What do you think about that argument?

Mr. WYMAN. I think it is based entirely on the inevitability of the violent settlement of the problem there. I guess to date we don't feel very comfortable with making a move to generate and to create that violence. I would like to think that our approach isn't a milktoast approach. It certainly isn't profit motivated, because it is a very expensive drill we are in.

It certainly hasn't reduced any heat, I can guarantee you, and you will have additional evidence—

Mr. CULVER. No; heat on the South African regime.

Mr. WYMAN. I am not sure of what the answer to that is. I think think the least we can say is that they wish this Polaroid question hadn't come up and they wish we had taken a different response.

I am convinced implementing such a policy by a major company anywhere is unattractive. The political judgment as to how to conduct the affairs of South Africa on behalf of the black South Africans is really not a judgment we were prepared to make, although it is implicit in any judgment. We were trying to find a way to behave responsibly, and for us this was to listen to the voice of the people there. I fully accept Mr. Diggs' qualifications as to how authentic, how real, that voice can be.

But the other question which we haven't discussed is the criteria for evaluating the progress at the end of the 12 months. I think in the face of the monumental injustices there, the second decision may be in many ways more difficult than the first.

Mr. CULVER. Now I was also interested in your very candid and frank acknowledgment of the shortcomings in terms of our own corporate structure and experience as far as opportunities for black Americans. And I certainly respect you for that candor, and I would go so far as to submit that, perhaps on the basis of general attitudes, it is undoubtedly true that your relative situation is more responsible and respectable, relatively speaking, than some of your corporate competition.

But the thing that interests me is, you went over there and you saw the problem and came forth with your specific set of recommendations concerning steps to take, to involve yourself in the political and national and economic life of that environment, in such a way as to try to at least move ever so modestly and arguably even imperceptibly toward a more decent future.

Why didn't you come back, for the same amount of money, and do the same thing in Roxbury, Mass. with regard to educational opportunities, and certainly with regard to, as you say on page 4, a well-defined program to train nonwhite employees for important jobs within their companies?

Perhaps, in fairness, you have already recommended doing that. But it seems to me that the viciousness and repugnance with which we view a system that is legally designed to deny racial equality, and one that does it on a de facto basis, doesn't matter if you are the fellow getting punished, whether it is under one system or another. It is the only life that poor devil has got to lead. How about doing this sort of thing, this experiment, for a year in Roxbury? What do you think about that? Or maybe you are doing it.

Mr. WYMAN. Well, we think we are. We spend many times this amount of money in our local community. We started 4 years ago, I believe—I could be wrong by a year—an operation called Inner City which is a separate company in Roxbury which is dedicated to the business of taking the theoretical unemployable people with an unhappy employment history, and putting them to work. We took products which were being made economically and efficiently in our

factory in Waltham and put them into this operation for the express purpose of setting up a training facility, to generate work history. We hoped to make a substantial number of people employable in the community. We have had about an 80-percent retention rate history in that operation which has been very appealing. It is something we should do three times as much of, 20 times as much of, who knows?

But I think I can tell you, in conscience, that to the extent that we are on trial here for our behavior in this community, that quite apart from being a mutually exclusive, either/or thing, that the same kinds of appetites for responsibility are expressed, right or wrong, in the course of action that we have developed here. We should do far more of it. I think we have been a leader in this area, and I guess the burden is on leaders more than it is on followers.

But I don't apologize in a basic way. It hasn't taken South Africa to bring us to the question of what our responsibilities are to the black communities or minority communities in general.

Mr. CULVER. How many participants do you have under this program now that you say you are currently involved in Roxbury? How many are you training or how many are you assisting in education or otherwise?

Mr. WYMAN. Well, I think that at any given moment there are 35 or 40 involved. It is not a major——

Mr. CULVER. How much money does it represent to the corporation?

Mr. WYMAN. I think it is about—I will be on the conservative side and say that it costs us about \$300,000 plus per year for that operation. Now the training activities with our own employees is a completely separate and additional responsibility.

Mr. CULVER. Thank you, Mr. Chairman.

Mr. DIGGS. Thank you, Mr. Wyman. You have been in the witness chair for some 2 hours now.

I don't know whether or not this is the first time you have appeared before a congressional subcommittee. As I said at the outset, our questions were designed to make the record, and to clarify points at issue. I want to join all of those who have expressed their appreciation for your contribution to our enlightenment and for your sincerity.

Thank you.

The subcommittee stands adjourned.

(Whereupon, at 5:21 p.m., the subcommittee was adjourned subject to call of the Chair.)

U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

WEDNESDAY, MAY 5, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON AFRICA,
Washington, D.C.

The subcommittee met at 2 p.m., in room 2255, Rayburn House Office Building, Hon. Charles C. Diggs, Jr. (chairman of the subcommittee), presiding.

Mr. Diggs. The subcommittee will come to order.

This afternoon we continue hearings on U.S. business involvement in Southern Africa.

Yesterday Mr. Thomas H. Wyman, vice president of Polaroid Corp., testified before this subcommittee concerning the so-called Polaroid experiment.

He testified that a number of steps, primarily increased wages and educational opportunities for nonwhites, have already been undertaken to implement the experimental program which is to be evaluated in 1 year's time.

The basic approach is to work for change from within rather than to close the door and pull out.

Our first witness this afternoon is Mr. Kenneth Williams, representing the Polaroid Revolutionary Workers' Movement. He is accompanied by Miss Caroline Hunter.

Mr. Williams will be followed by Mr. William R. Cotter, president of the African-American Institute.

Mr. Williams, you may proceed.

STATEMENT OF KENNETH WILLIAMS, THE POLAROID REVOLUTIONARY WORKERS MOVEMENT

BIOGRAPHY

Born: May 13, 1929

Began at Polaroid: 1965

Profession: Photographer

Credits: Ansel Adams, School of Photography, Carmel, Calif., 1970

Polaroid Corp. Annual Report, 1969

Art Director's Club of Boston, Award of Excellence, March, 1970

Mr. WILLIAMS. Thank you, Mr. Chairman.

The Polaroid experiment in South Africa must be condemned as a deliberate fraud by the Polaroid Corp. in an attempt to maintain the profits earned under South Africa's racist system since 1938 and to counter the economic boycott called by the Polaroid Revolutionary Workers Movement and the public pressure resulting from the movement's campaign against Polaroid.

The Polaroid Corp. has refused to meet with PRWM and to answer PRWM's demands that Polaroid get out of South Africa, that Polaroid make a public statement of its position on apartheid in the United States and in South Africa simultaneously, and that Polaroid give the profits earned in South Africa to the recognized African liberation movements fighting for their freedom.

The response of Polaroid has been the firing of three black workers and the harassment of countless others, more than a quarter million dollars spent on advertisements, the promise of undermining South Africa's apartheid via "The Key to Change is the Expanding Economy," the upgrading of African workers to "only supervise other African workers," and under law, be always paid less than the least skilled white workers in that factory—regardless of the job and comparative hours worked—and a gift of \$15,000 for 500 African students, administered quarterly, and \$10,000 for the South Africa leader exchange program.

The Polaroid experiment on black South Africa is an insult to the intelligence of right-thinking human beings. There is no change through the apartheid system and no change through the expanding economy for the African people who constitute 87 percent of the population and only possess 13 percent of that country's wealth.

The net result of increased foreign investment in South Africa has been the strengthening of apartheid and more repressive laws.

The key to the apartheid system is the passbook and Polaroid has taken and continues the role as the supplier of photos for that pass system.

The passbook is a twenty page document which controls the movement of all Africans, contains photo, permit to move from area to area, permit to work, permit to stay or visit husband/wife/parents, list and record of all arrests and pass violations, tax receipts, and a monthly signature of employer.

Every African must carry a passbook on his person at all times, starting at the age of 16. Violations of passbook laws include fines, whippings, and imprisonment. Passbook offenses for Africans average 1,375 a day.

Polaroid Corp. has been producer of these passbook photos since the Bantu (Abolitions of Passes and Coordination of Documents) Act, No. 67 of 1952, and the introduction of their world monopoly in instant photography.

Polaroid has been in South Africa since 1938, and is now an agent of the South African Government since their products are required by law and under penalty of law.

All passbook photos are and must be produced on instant film. The pass laws do not allow that an African can move freely without his pass, and thus the law mandates that the procedure for obtaining pass photos be instant.

Polaroid's product is in such demand, and so vital to maintenance and enforcement of apartheid that it is exempt from undistributed profits tax as a foreign film company. The same exemption is afforded to foreign shipping and aircraft companies, cable or wireless companies.¹

¹ Overseas Business Reports, U.S. Department of Commerce, establishing a business in the Republic of South Africa, June 1965.

Polaroid has consistently lied and misrepresented the facts and nature of its support of South Africa. "We have no company in South Africa, no plant, no investments." The distributor of Polaroid products in South Africa is Frank & Hirsch (Pty.) Ltd.

South African law states that foreign countries wishing to form a South African-registered company may form a private or public company.

In the case of a public company, the word "Limited" or the abbreviation "Ltd." must appear as the last word of the name, and in the case of a private company the word "Proprietary" or the abbreviation "Pty." must be added to the name before the word "Ltd."

The unlawful use of the word "Limited" is an offense under South African law. In any event that a foreign company uses the word "Ltd." as a part of its name, it must list the name of such a foreign country when and wherever its name—the private company—appears.²

Polaroid has operated factories in South Africa directly and indirectly since 1938.

Polaroid was incorporated in 1937, and its first foreign outlet was Polarizers, South Africa, manufacturer of sheet and laminated polarizer for sunglasses, goggles, and industrial materials.

The same materials for war goggles was sold to Hitler's Nazi Army during World War II.

Polaroid has the world monopoly on instant film and is the sole outlet for its products.

The Polaroid Corp. is complicit in all crimes committed by the Vorster government against the black people of South Africa.

The proposed contributions to the education of blacks under the system of apartheid, no matter what the amount, are for the continuance of that system.

Polaroid has said it will not violate South African law and all changes will be mere implementation of that law.

The net results of the expanding economy has been a graduated increase in the sharp differences in the salaries of African versus whites.

The following figures will point up the fraud intended by Polaroid.

URBAN INCOMES

Twenty-four and one-half percent of all urban households in South Africa have a monthly income under \$27.

Another 40 percent of such households have a monthly income ranging between \$28 and \$68 and 20 percent have monthly incomes of between \$70 and \$110. Thus at least 65 percent of the families living in towns and cities have monthly incomes of less than \$70—although, by a strange quirk of statistics the average African household income was exactly \$70 in 1968.

In 1969 the Johannesburg municipal Non-European Affairs Department drew up an absolute minimum family budget necessary for survival. This allowed for only the barest subsistence, and came to \$83.50 (family of five) or \$89 (family of six). Thus comparing the budget figures with the average income figures given previously it is clear that

² *Ibid.*

at least 68 percent of the African urban population now exists, somehow or other, below the breadline.

Indeed, the wages of all the peoples of color in the various industries and in government service are only a fraction of the wages earned by whites:

AVERAGE MONTHLY EARNINGS, OF URBAN HOUSEHOLDS IN SOUTH AFRICA, 1968-69

[In rands]

Industry	Whites	Colored	Asians	Africans
Mining.....	297	62	76	1 18
Building construction.....	282	98	135	2 45
Wholesale trade.....	245	171	94	48
Retail trade.....	130	51	82	38
Banking institutions.....	205	56	72	53
Building societies.....	229	77	107	49
Public service.....	211	100	127	36
Provincial administrations.....	198	49	67	32
Local authorities.....	230	71	50	38

¹ Including cost of food and other benefits provided to the miners.

² In building construction, Africans are generally provided with free accommodations.

Note: 1 rand is equivalent to \$1.40.

Source: United Nations, Unit on Apartheid, notes and documents, "This is Apartheid: Facts and Figures," No. 12-70, Apr., 1970, p. 29.

The conditions of African schooling are inadequate in every respect. School is free and legally compulsory for whites; it is neither for Africans. The following is an excerpt from "Industrialization, Foreign Capital and Forced Labor in South Africa," United Nations, 1970:

The nature of the Government's intentions is most clearly and simply revealed in the statistics for per capita expenditures in education for the children of different races. In 1968, the Government was spending the following amounts:

		<i>Per capita expenditure</i>
White children.....	R. 114. 1	(\$159. 74)
Coloured and Indian children.....	R. 74. 5	(\$104. 30)
African children.....	R. 13. 5	(\$18. 90)

These figures are the reflection of a deliberate policy, as is the whole discriminatory structure of education which has been reviewed briefly above. Africans are being prevented from acquiring education, advanced skills and professional qualifications. The door of opportunity is closed to all but a very few. One can only conclude that this is the basic purpose of the government's education policy. It prepares Africans for the role which white society wants them to assume, that of unskilled labourers.

The average wage of an African worker in Polaroid's factories is \$2.80 a day, for the assemblage of a product which sells for \$8 to \$15 on the South African market.

Polaroid proposes change—by mere increase of dollars to a wage that is still below subsistence—under laws which deny the basic and natural human rights, and yet Polaroid continues to ignore the call for political freedom and the right of self-determination.

Polaroid continues to ignore countless resolutions against South Africa, and its experiment is an effort to allow all United States and other foreign investors to give stronger support to racist South Africa with less public pressure.

The responses of Polaroid to this first attack by black workers in the United States against a company doing business in South Africa must be viewed as a response for all U.S. companies in South Africa.

Polaroid has called for the support of other companies and is actively seeking help and aid for its inhuman plans.

The continuance of the attitude of profits at any human expense will not be tolerated any longer by the black people of South Africa nor by right-on thinking people anywhere.

The mere presence of any United States or other foreign company is support of and enforcement of the apartheid regime.

Thank you, Mr. Chairman.

Mr. DIGGS. Does that complete your basic statement?

Mr. WILLIAMS. Yes, it does.

Mr. DIGGS. You have some supplemental materials. Would you like to make that a part of the record?

Mr. WILLIAMS. Yes, I would.

Mr. DIGGS. Would you indicate what the material is?

Mr. WILLIAMS. Yes, I will, sir.

In the booklet, Polaroid and South Africa, it is the letter from G. R. Dicker, assistant secretary of Polaroid Corp., dated October 6, 1970, which is of the very next day after we launched our attack on Polaroid. They put out this letter very briefly, very quickly, and I wish to bring this to your attention.

Mr. DIGGS. Without objection, the material will be made a part of the record.

(The material referred to may be found in the appendix, p. 381.)

Mr. DIGGS. Is there something else you wish to highlight?

Mr. WILLIAMS. Yes. Just that Polaroid has not sold its identification equipment to the Government of South Africa for use in the apartheid program.

I just wanted to read that into the record so that at the same time I may clear up some statements from Mr. Wyman in his testimony. Yesterday he stated that Polaroid was now discontinuing sales of any Polaroid products including film, directly or indirectly, which might be used in this identification program.

I think that is very important that people realize that Polaroid's identification system uses the same type film as is used in its amateur cameras, so that by Polaroid stating first, that they did not sell equipment to the Government of South Africa, second, that they are now discontinuing sale of any Polaroid products including film, directly or indirectly, which might be used in this program, is another fraud; it is another lie.

The identification system which Polaroid perfected in South Africa is being used in many different ways in the United States of America today.

It is being used in the welfare system in New York City.

It is being used in California, under the Berkeley Youth Council's identification program ID's for children 13 to 18 years old.

It is being used in Vietnam. It is being used in Massachusetts under the driver's license program. It is being used in the high schools wherever there is any sort of disturbance.

It is being used in Washington, D.C., under a plan, which is called the friendly policeman plan.

We see that Polaroid's technology is a great danger to the United States.

We see the same American companies, which are in fact in South Africa, and in Korea, and in Vietnam, and in Japan, and all over this world, are a direct threat to the welfare and safety of the United States of America.

They are plunging, and when I say "they," I am speaking of the same group, this same group of 400 American companies, they are plunging the United States of America into a welfare state by controlling the economy. In order to control the people, you must have a means of identification, Polaroid has that means.

This has been perfected in South Africa. The welfare state that these rich people, in fact, propose to the United States will bring upon the American population their first days of slavery, and it must be stopped and considered as a threat.

All right-on thinking people have brought to bear against Polaroid their will and their wishes.

Polaroid has lost \$4 million just in the first 3 months of this year.

Again, I just wish to point out to you the danger that this identification system represents to the American people, and I call upon Congress with all of its power to stop the use of the identification system until it can be checked out, and checked out very carefully and very thoroughly, to find out in the long run exactly what its implications are.

Polaroid under attack has said that it would discontinue sales, but in January of this year in the South African Financial Mail, they noted, and made note of the fact that the identification system which Polaroid says has been discontinued is still readily available with film.

Thank you.

Mr. Diggs. Thank you, Mr. Williams.

In response to questions yesterday, it was brought out that Polaroid is not a union shop.

Would you explain for the record, or can you explain for the record why Polaroid is not a union shop?

Mr. WILLIAMS. Yes. Miss Hunter can answer that.

STATEMENT OF CAROLINE HUNTER, THE POLAROID WORKERS MOVEMENT

BIOGRAPHY

Born: Sept. 5, 1946

Began at Polaroid: 1968

Profession: Chemist, B.S. Xavier Univ., 1968, New Orleans, La.

Miss HUNTER. It seems it is very clear that with Polaroid and all of the other companies in South Africa is to bring home the expertise of working under a slave system, and if we examine closely the positions of blacks with Polaroid, that their financial status is similar to that of blacks in South Africa, and the fact is that Polaroid has admitted that all blacks in the company, professional, and what they call hourly workers, are paid on the average of 22 to 33 percent less than whites in that same job with the same skills and backgrounds, and this is a figure that Polaroid Corp. has admitted itself in its OEO report in 1971.

Mr. DIGGS. There are companies doing business in South Africa that are U.S. union organized; automobile companies, for example.

I was just curious of why Polaroid, why it is not a union-organized company in a State like Massachusetts.

Miss HUNTER. Part of that is that the workers are constantly programmed to believe that because the atmosphere of working at Polaroid in certain ways is a substitute for a just wage.

In August of 1970, there was an organizing attempt by some Polaroid workers to form a union, and this was by the United Rubber Workers, and the employees sent out a letter to all of the employees at Polaroid in the meantime, and the president of the company responded with a five-page letter telling the workers that those who have known him would not have done anything like this.

It was a matter of desertion on the part of the workers who were organizing for a union, and the atmosphere of Polaroid was one in which there would be 10,000 individuals, as opposed to 10,000 people organized in the labor force, so I think the conditions in Polaroid are very classic in terms of the fact that workers, as of yet, have no incentive to organize into a union, because they are constantly brainwashed and given materials, and all sorts of examples of the Polaroid campaign.

Polaroid, unlike many other companies in its position, has taken an active campaign to convince people that the key to change in South Africa is education, and that Polaroid will liberate the black masses of South Africa, that the Polaroid program is a solution to the problem. This is not the truth.

This is why the company is very dangerous. What they are trying to do is undermine the efforts of the movements of the unions.

Mr. DIGGS. The Polaroid Revolutionary Workers Movement is in response to what is considered to be a lack of protection through the normal union rights that are enjoyed by workers in other plants?

Mr. WILLIAMS. Yes.

Mr. DIGGS. Is that part of the reason for the development of this movement within the group, or are there other reasons?

Mr. WILLIAMS. I would say that was part of the reason.

The whole thing is that the conditions at Polaroid make it very easy for black employees in Polaroid Corp. to identify with the conditions of South Africa.

Mr. DIGGS. It was also brought out there is a black workers group within Polaroid. That is not necessarily the Workers Movement, is it?

Mr. WILLIAMS. No, it is not. There is a group called the Voluntary Committee.

Mr. DIGGS. Made up of all blacks?

Mr. WILLIAMS. Yes, and it is a self-appointed group, which has no power, which acts in a purely advisory capacity to the corporation, and to the management.

There is also an employees committee group, which is an elected body throughout the company, and they are elected by ballot in various areas, and there is only one black on this committee.

It has no bargaining power, but it sits in on management decisions, in terms of what is best for the workers, but the voluntary committee is purely an advisory group that was set up by the corporation to dilute black people into thinking they had some recourse within the company.

Mr. Diggs. Finally, at this point, it is our understanding that certain members of the Polaroid Corp. on the workers level were dismissed for activities within the company. I believe you were one of those individuals; is that correct?

Miss Hunter. That is correct.

Mr. Diggs. Could you tell us why that was the result of your exercise of freedom of speech?

Miss Hunter. The situation, the firings at Polaroid, are very strange.

Ken Williams was fired only 4 days after our protest began, and at that time there had been no call for an international boycott.

We called for an international boycott on October 27, and on November 13, Clyde Walton, who was giving out leaflets to support the boycott, was suspended without pay.

He was again reinstated with suspension of pay from December 1 until February 10. I had been employed at Polaroid for 2 years, and was working through that period, and on the morning of February 10 I was given a letter of suspension without pay, with the threat to be fired after an investigation, and the reasons were that my support of a boycott was misconduct detrimental to the best interests of the company. This was precipitated by occasion of PRWM confronting the president of Polaroid in New York, and he admitted the reason he was angry with revolutionary workers was that we interfered with his personal dreams.

The next day we appeared before the United Nations Committee on Apartheid, and the following week I was suspended, and a week later both Clyde Walton and myself were fired.

In terms of trying to find some redress, the employees committee at Polaroid is reviewing the cases, and the cases have been refused, and reinstatement has been refused, and now the decision is that the cases will go into arbitration.

Mr. Diggs. **Mr. Whalley.**

Mr. Whalley. **Mr. Williams,** on page 3, you say Polaroid has consistently lied and misrepresented the facts and nature of its support of South Africa when they stated: "We have no company in South Africa, no plant, no investments." Do they have a plant or investments or employees?

Mr. Williams. They have several. One is called the South African Sunglass Co. At that factory, by their own admission, the highest paid black in the supervisory capacity is paid 23 rand a week.

Mr. Whalley. A rand is what?

Mr. Williams. \$1.40. In light of the fact that there are 6-day weeks, and 10-hour days, this would break down to somewhere around 30, 35 cents per hour.

Since Polaroid is there, the South African Government in fact waives taxes on film factories, and so on, and so forth, so you can see what a tremendous amount of money can be gained from just one individual alone, sitting before a table, popping in sunglass lenses all day for 365 days a year, or say a close equivalent to it, and export these sunglasses.

Now, in South Africa, the sunglasses naturally would bring \$15, let's say.

On the continent of Europe let's say \$11, and here in the United States, the same sunglasses sell for \$7.98, so you see the money that Polaroid is talking about, a million and a half in sales inside of South Africa is nothing.

They want to delude the public into thinking this is a very innocent thing.

What we are talking about is 19 million positive photographs by use of the identification system.

They are not worried about cameras anymore. This is just a camouflage.

By their own admission, in the government offices, and so on, people are going to have to pay 50 cents.

They claim private photographers take these pictures. Well, if the private photographers travel 30 miles out to the Bantustans, and there is 15,000 or 20,000 people in the Bantustans, he cannot move his dark room from the city to the Bantustans, so this means it has to be done by means of an instant photographic system.

The Polaroid Corp. is advertising now in business magazines that they have a new system called the ID-3, and this system will do approximately 100 identification cards per hour, encased in plastic, give pertinent facts on the card, and it can be carried around in a suitcase.

In addition, Polaroid, I think, makes the race identity cards for South Africa.

All people in South Africa, and all citizens must carry a racial identification card, so now, in addition to that, they also admit selling to industry, they also admit selling to the Army, the Navy, and the Air Force, so you see, this is where Polaroid makes its money from the film, but they will not admit that they cannot separate these two.

Why, because one goes by government figures, and the other one goes by their so-called sales, so it is very easy to see that the \$1.5 million they are talking about has nothing to do with the compulsory identification.

They are only talking about sunglasses, the CP-2 camera, and the film for such cameras.

Mr. WHALLEY. How many employees does the sunglass company have?

Mr. WILLIAMS. I believe it has something like—

Miss HUNTER. 355 workers.

Mr. WILLIAMS. That is what they claim their total workload is as far as people are concerned. When they say they do not own any factories, they should not be able to bring any pressure whatsoever on Frank & Hirsch to upgrade the salaries drastically of his nonwhite employees. Here again is another play on words.

When you talk about employees, under South African law, it is nonwhites and whites considered as being employees, not Africans.

If Mr. Wyman was here today, one of the first questions I would want to ask him was when he is speaking in terms of employees, whose wages were raised drastically, I have a question in my mind whether he means the blacks, or whether he means by South African law, the employees being white, or nonwhite. I don't know, but the blacks in South Africa cannot in any sense bargain for more wages.

This is something that has to be given to them, and so this is the question that I wanted to ask Mr. Wyman, had Mr. Wyman been here today, because I myself have a lot of questions that I know that he himself could answer since he lived in South Africa.

MR. WHALLEY. How many plants in addition to the glass plant does Polaroid have there?

MR. WILLIAMS. They have a manufacturing plant. They also have Frank & Hirsch.

MISS HUNTER. Frank & Hirsch is located in 10 cities. The two blacks that went to South Africa admitted they saw only two Polaroid factories.

MR. WHALLEY. Is Frank & Hirsch owned by Polaroid? They are just the distributors.

MISS HUNTER. I suspect that they are under this law that South Africa has.

It is an independent company, where you can set this company up by signing a document, endowing him with the power to operate this company, and it is very unique that the so-called managing director of this company is named Hirsch, and the name of the company is Frank & Hirsch.

One would assume the owner of the company would be Mr. Hirsch, but Mr. Hirsch is only the director.

MR. WHALLEY. I was under the impression that Frank & Hirsch stated that only 25 percent of this business was Polaroid.

MISS HUNTER. Mr. Wyman said where they would stop this business, that Frank & Hirsch would immediately have to layoff people involved in just handling his Polaroid products, which leads one to believe that Frank & Hirsch is more responsible to Polaroid than an individual distributor would be to a vendor.

MR. WHALLEY. Can a company in South Africa increase the wages of the blacks?

I thought he said yesterday Polaroid increased them from 13 to 28 percent.

Could you do that?

MISS HUNTER. Yes, that is very possible. The fact remains that South Africa sets a maximum for Africans to be paid, but there is no minimum, and as recently as January 1970, a South African newspaper was calling for foreign companies to raise the wages of Africans to subsistence, so that the average African is getting paid a third or a fifth of what he needs to live on, so that foreign companies on a whole generally start paying at much less than subsistence, and there is no enforcement for them to pay the African a subsistence wage, which is \$89 a month.

MR. WHALLEY. What would happen if they kept on increasing the wages, and they kept going on up until they were equal to the white wages?

MISS HUNTER. That is impossible. South African law states that no African can make more than the less-skilled white worker in any position, and the Job Reservation requires all Africans or blacks to be placed in certain jobs, and Indians are given semi-skilled jobs, and whites are given skilled jobs, so by South African law, no black could hold a skilled job.

Mr. WILLIAMS. Here again, the deception, if in fact Polaroid can raise the workers salaries only 23 percent, it means they are still getting paid 40-percent below subsistence level, so they continue to raise it up to 40 percent, and then at the end of 40 percent, they would have to graduate the wages to the other workers too, but it is a significant fact that you would note the very slick wording they use, that Polaroid has upgraded the salaries of its nonwhite employees.

It did not mention Bantu. It did not mention black workers. It just mentioned nonwhite workers, and the nonwhite workers are already paid quite a bit more than blacks.

Blacks are paid less. Well, if white workers are paid \$15 a week, black workers are getting \$2.

Miss HUNTER. On page 4 in one of the booklets you have the statistics as to the average wages of African workers, and in the mining industry, a white gets 297 rand per month, and a Coloured gets 62 rand a month, rather a Coloured, and an Asian is paid 76 rand a month, and an African is paid 18 rand a month.

Mr. WHALLEY. This is for the same amount of work.

Miss HUNTER. No. The white would be in a supervisory position. The colored would be doing semiskilled work, and an African would be doing labor.

It is illegal for Africans to hold a skilled position.

Mr. WHALLEY. I thought the gentleman said yesterday that they have of necessity to train blacks in supervisory jobs, and that they do the work, but naturally they do not have the title or the wage.

Miss HUNTER. The African worker can only supervise a team of African workers, and just recently there was a ban that was lifted on the construction industry, where a certain number of Coloured had to be trained to do construction jobs, but Vorster said this was in no way to undermine apartheid, and it is back to the same point, the salaries of white workers were raised in proportion to that amount.

Mr. WHALLEY. Would you have any idea how much foreign investment there is in South Africa?

Miss HUNTER. According to the figures that come down to us, it is in excess of \$700 million.

Mr. WHALLEY. From what countries principally are the ones with the investments?

Miss HUNTER. The United States and Britain.

Mr. WHALLEY. Do you have any idea of what percentage in each country?

If you do not, you could supply it for the record. I see you have some figures there.

Miss HUNTER. Yes. We have figures including a breakdown on foreign investment, and also a letter, and the proportion of responsibility of the investment.

We will be glad to supply that specific answer.³

In addition, I think you should note the fact that Polaroid has been in South Africa since 1938, and since 1953, the most repressive laws have been passed in South Africa, stating the passbook, the sabotage acts, and so on, and so forth, and all of these things were passed in 1953.

³ Mr. Williams submitted Paragraphs 122-157, and relevant tables, from *Industrialization, Foreign Capital, and Forced Labor in South Africa, Unit on Apartheid, United Nations, 1970*, which appears in the Appendix of Part II of these hearings.

Polaroid's experiment, as far as an education gap of this sort, they would be very welcome perhaps in Mississippi, or somewhere like that, but even there in South Africa, black people are talking about freedom, and not once has Polaroid talked about freedom.

They have only talked about profit.

Mr. WHALLEY. When was the Polaroid experiment put into effect?

Miss HUNTER. January 13 of this year.

Mr. WHALLEY. Why did they put it in effect?

Was it on their own, or through the request of someone?

Miss HUNTER. As a result of pressure from PRWM and national opinion.

Mr. WHALLEY. Thank you, Mr. Chairman.

Mr. DIGGS. Mr. Culver.

Mr. CULVER. Thank you, Mr. Chairman.

Mr. Williams, have either you or your associates who have been dismissed from Polaroid taken any legal action subsequent to your firings to obtain reinstatement?

Mr. WILLIAMS. In the beginning since I was the only one fired, I felt that Polaroid Corp. would like for me to think in terms of my own safety, my own welfare. In fact if I was speaking in terms of my own welfare and if my attention was focused on myself, then this would have made everything just a sham, so I had to ignore myself, and to remind me, that is, myself, that there are 19 million people involved, and in addition to that, we have 200 million people here in the United States, who directly or indirectly are involved, because Polaroid is trying to do a job on them too.

Mr. CULVER. Specifically, Mr. Williams, I wondered whether or not, either you or your associate, have reviewed your individual circumstances with regard to the possibility of legal action, or whether or not you have taken any steps in that direction?

Mr. WILLIAMS. So far we have a case which should be coming up with the Massachusetts Commission Against Discrimination, and this is about the only legal action that we have pursued so far.

Well, the way that things are set up here, you have to have money.

Mr. CULVER. Have you had an opportunity to discuss with legal counsel any forms of action that the circumstances of your firing would possibly be available to you?

Miss HUNTER. In talking to people about this, it seems that in a test case of the right of free speech, then this would be the first such case of this kind, and so what we hope to do is after the Polaroid policies have been settled, and after an arbitrator has been brought in, we will try to set up a case for the Revolutionary Workers versus Polaroid, but we will only do this after an arbitrator is brought in, and we will go through the full Polaroid procedure, and so Polaroid has dragged out the cases, which they are handling in the Polaroid framework from February up until this date.

Mr. CULVER. So you have introduced the administrative machinery within the corporation?

Miss HUNTER. Yes. That has been refused through what is called the corporate committee, and it has been refused by the president, and so the step in motion is for the company to call in somebody from the American Arbitration Committee, and for them to make a decision

whether Polaroid in fact did misuse our rights under the Polaroid framework, which did happen.

Mr. CULVER. So you exhaust all of your administrative rights under corporate machinery first?

Miss HUNTER. Yes.

Mr. CULVER. With regard to this general issue of U.S. private investment activity in South Africa, and the wisdom or lack of it for the United States to participate in private enterprise in any capacity in South Africa, as long as the apartheid system is legally implemented, am I correct in my assumption that you both feel that revolution is inevitable?

Miss HUNTER. Yes. It is the only way black people can liberate South Africa.

As of 1960, the blacks then were forced into the reality of realizing that the only means of getting any freedom in South Africa was through a revolutionary struggle, and so since 1960, we have had the surfacing of underground movements, first in Angola, and now all of a sudden we see that Vorster wants to talk and maintain a dialog, when before he would at no point talk with black people in bondage.

Mr. CULVER. Are you also concerned that a continuation of American private investment under the prevailing circumstances, as well as the experiment that Polaroid is now currently embarked upon, will run the risk that with the inevitability of revolution, when it takes place, that the United States will find itself under increased political pressure to identify with the white supremacy regime in South Africa?

Miss HUNTER. Yes; very, very much so. This is a very real reality. We see South Africa as being the next Vietnam. It is inevitable, because the stage has been set by U.S. support of South Africa. People are expected to regard the liberation movements as communism. The United States and South Africa are anti-Communist, but this is the same way as the Nazis came into power. All South African laws are constructed and worded in such a way that anything that deals with change automatically is dubbed communism. The same way here.

The harshest penalties are in fact brought down on blacks, but at the same time whites themselves cannot move within that structure of apartheid.

Only someone who is a lunatic can deal or exist in that sort of a plastic atmosphere. The danger is that these same American companies have brought the same thing home to roost here.

I think it is noteworthy that the subcommittee realized that these American companies that are doing business in South Africa in an atmosphere of comparative safety as far as they are concerned, because of the slave labor, are really doing the same thing here, but they are just a little bit slicker. It is like the American way versus the foreign way.

Mr. CULVER. I wonder if you could comment for the purpose of the subcommittee's enlightenment what your own personal subjective thoughts are concerning this issue of violence and bloodshed and brutalization.

The argument, as you are all aware of, is made that it is hoped by many, who express sympathy for your general objectives, that violence, as an alternative recourse to bring about change is to be avoided at all

cost, and, therefore, these intermediary steps of a revolutionary kind hopefully are to be avoided.

I wonder if you would personally address yourself for a moment to the question of how you measure the nature of the brutalization that is taking place now among the black inhabitants who are denied fundamental equality and freedom.

Miss HUNTER. I think that those who use that argument of course have some financial stake in South Africa, and that those who promote the argument ignore the fact that out of every thousand African children born, only 500 live to the age of 5.

They ignore the fact that South Africa is a system of bondage. It is nazism, and everybody condemns nazism, but they will wait to condemn South Africa. These people ignore the fact that the life span of an African is only 40 years at the most in 1971.

They ignore the aspects and repressive nature of the African law, so the argument is a fraud. It is impossible for anybody to justify the treatment of the African people in South Africa for any reason.

Mr. CULVER. Your opinion would be that the early violent action could take place?

Miss HUNTER. It is not a matter of that. I think what people have to realize is that black South Africans have the natural right to choose their own means of self-determination.

Mr. CULVER. Assuming that it's inevitable, and I do not want to misrepresent what you are saying or what you are suggesting, but if I understand you correctly, the sooner that eventually would take place, the sooner would be the termination of the kind of daily brutality going on now, by the likelihood of an inevitable revolution to bring about that type of thing at this time very unlikely or not valid. Second, would working toward that goal only perpetuate the suffering that characterizes the South African population of blacks today?

Miss HUNTER. I think also again it is also ignored that while Vorster is talking about dialog, he himself knows the tenseness of the situation he is in.

That is why white women and children are taught to carry firearms, and that is why South Africa is increasing the value of armaments, so he is preparing so that the bloodshed will be more African lives, and I think there is no way to say how soon it will be.

It is very reasonable to assume it cannot go on much longer.

Mr. CULVER. What are your attitudes and opinions with regard to the future concerning the dialog?

Miss HUNTER. Do you want a criticism of it?

Mr. CULVER. I want your attitude, your opinion, which would be of benefit to this subcommittee.

Miss HUNTER. I think that again is an offset, because what you have is the wolf pulling at the lamb's coat to distract from the pack of wolves which are the Western powers, so there will be promoted and used as a tool, these dialogs, and this will be played up, but no one will point out the stand of the African people.

Mr. CULVER. How do you explain the political or economic stands, the differences?

Miss HUNTER. It is all a part of the history of neocolonialism, where you have so-called independent countries who have paper independence, who have a form of government that is not a reality to the

people, nor the choice of the people, where you have the same clauses, where governments are propped up, and where the whole purpose is to promote Western powers' own goal, and it has nothing to do with the African people.

Mr. CULVER. Well, what about the French West African Republic? How would you distinguish that situation?

Miss HUNTER. It is all for the distraction of who is the source of the problem. No matter what is said, they cannot support apartheid, so the thing we should be worried about is the financial support of South Africa: the selling of two 707's by President Nixon to Portugal, this is what concerns us.

Mr. DIGGS. In that same context, could you compare your attitude with the attitude of the two blacks who were part of the study committee that went over and came back, and said that the experiment is viable?

Miss HUNTER. What we have gotten down to is that it is not a problem of whether a man's skin is white or black, which makes him right or wrong. It was his mind that tells if he is right or wrong. They can take two niggers and send them to South Africa, and serve them a segregated breakfast in South Africa, and bring them out to the Bantustans, and their minds are not troubled. We constantly have the use of people for the ultimate aims and goals of Polaroid. Polaroid had to find blacks to discredit PRWM in order to get its point over.

They used the two blacks, had them take on the burden of letting themselves be used to decide the fate of 15 million people.

Mr. CULVER. One last question.

In the course of your confrontation with Polaroid Corp. over this issue, have you had an opportunity to discuss among yourselves and form legal opinions about the extent of which an American corporation or American corporate law can legally be responsive, and not risk shareholder action for diminishment of profit on these kinds of moral questions?

Miss HUNTER. Again, the law of the corporation is set up so that it is protected against the people and against the shareholders, and it is set up so that its volume of stock is constituted in a power block so that shareholders have no actual rights over the corporation, and if we lined up all of the shareholders of Polaroid stock, they in effect would still have no financial power, no financial control over their corporation, so this is why we are talking about a boycott.

We are talking about those people who buy those products, who are the ultimate support of this corporation.

Mr. CULVER. Let's take a specific situation, and say that Polaroid was prepared to embark on an experiment of far greater magnitude than the one they have selected, and say that it would represent both domestically and internationally an expenditure of corporate funds to a far greater degree than what is true in Roxbury, or is true in their South African holdings.

How far do you think they could go within the law before they would be vulnerable to a stockholder's suit charging them, as the corporate managers of a private investment, as guilty of diminishment of profits, and in violation of their corporate obligations as trustees of the corporate principal?

Miss HUNTER. They would still be able to go very far, because the SEC regulations concerning proxy fights do not allow anyone to raise a moral or social issue, that the stand of the stockholders would purely have to be that Polaroid being in South Africa has lost more money than they can afford to lose, and these are the only type of resolutions the SEC will allow the stockholders to put on the ballot, so that Polaroid would have considerable freedom in terms of what it could do to support a campaign, and the thing that is most dangerous is that Polaroid did not just say this is an experiment. Polaroid went out and actively campaigned and promoted this idea, that they had a solution to South Africa's insanity. This is very dangerous, that this corporation has taken up the task to say that they have the solution for the liberation of the South African people through new dollars. And Mr. Wyman at no point in time, were he here today, would answer the question yes, and I would like to ask if that experiment will stop an African working for Polaroid from being arrested, and will that experiment see to it that his children go to school, will it allow him to live with his children and his wife, and unless that experiment can answer those questions with a yes, then it is a fraud.

Mr. CULVER. One more question.

One question we discussed yesterday in some detail was the extent of cross sectional black attitudes that were encountered in South Africa, upon which to form the basis of a subsequent recommendation by the corporation. It is my recollection that in excess of some 50 blacks were mentioned as the group that was consulted, or talked to individually. What comments do you have about that?

Miss HUNTER. It is again that Polaroid tries to dilute people into thinking that South Africa is a free society. It is a police state, and it is punishable by death to oppose apartheid.

Mr. CULVER. Do you think it was possible for them to get a meaningful index of black attitudes?

Miss HUNTER. No; it is impossible.

Mr. CULVER. You say it is impossible?

Miss HUNTER. Yes. In speaking to a white South African woman, she said it is not enough for a person to say I don't want to talk about apartheid. You can be hanged for that. You must say "I do support apartheid," or you would be subject to jail and whipping and death.

They could talk to as many people as they wanted to, but those two blacks, they could leave South Africa, and those black people they questioned, they put their lives in danger.

Mr. CULVER. Was there any opportunity to talk to any of the black political leaders now in detention?

Miss HUNTER. No; I spoke to Mr. Joel Carlson, who represents Mrs. Winnie Mandella, and he said when Tom Wyman was in South Africa, he was just about to bring Mrs. Mandella out from Robben Island. Well, he said, "If you want the opinion of South Africans, this is where you should go." Of course, he refused.

Mr. CULVER. Did he make a specific request?

Miss HUNTER. No; he did not.

Mr. WHALLEY. Are African people moving into South Africa?

Miss HUNTER. They would be drafted into slave labor.

Mr. WHALLEY. Do many people leave South Africa?

Mr. WILLIAMS. Very few.

Mr. WHALLEY. Are they allowed to leave?

MR. WILLIAMS. No.

MISS HUNTER. They are allowed to leave only under penalty they cannot talk against South Africa, and if they speak out against apartheid, and they go back, they will be jailed and sentenced.

MR. WILLIAMS. Mr. Chairman, I would like the remainder of these publications be made a part of the record.

MR. DIGGS. They will be made a part of the record. Without objection, so ordered.

(The publications referred to may be found in the appendix, pp. 396-443.)

MR. DIGGS. Are there any further questions of the witnesses?

We thank you very much.

MR. WILLIAMS. Thank you very much.

MR. DIGGS. The Chair will now call Mr. William R. Cotter.

MR. COTTER is president of the African-American Institute.

Previously he served as program officer for David E. Bell, vice president for International Programs of the Ford Foundation, in the areas of education, law, and national planning in developing countries.

From 1966-70 Mr. Cotter represented the Ford Foundation in Latin America.

He served first as assistant representative in Bogota, Colombia, and then as the Foundation's representative for both Colombia and Venezuela.

Mr. Cotter was an MIT fellow in Africa in 1962-63, where he served as assistant attorney general of Northern Nigeria.

Following his return from Nigeria, while a visiting research fellow at MIT, he wrote "Taxation and Federalism in Nigeria" which was published in "The British Tax Review."

Mr. Cotter's other professional experience includes the practice of law with the New York law firm of Cahill, Gordon, Sonnett, Reindell & Ohl—1964-1965—and service as a White House fellow, assigned to Secretary of Commerce John T. Connor—1965-1966.

Mr. Cotter is a magna cum laude graduate of Harvard College, with a degree in political science, and a cum laude graduate—1961—from the Harvard Law School, where he was a member of the board of student advisors. He served as law clerk to U.S. Federal Judge Lloyd McMahon in 1961-62.

He is 35 years old and married, with two children. Mr. Cotter has a book in progress on Colombia legal education and is the author of "Freedom in Africa: 1970."

STATEMENT OF WILLIAM R. COTTER, PRESIDENT OF THE AFRICAN-AMERICAN INSTITUTE

MR. COTTER. Thank you very much, Mr. Chairman.

If I may, I would like to read quickly through the statement, unless you feel that you have already read it, and would rather go to questions.

MR. DIGGS. Without objection, the testimony will be entered into the record. If you wish to highlight it, it might expedite the subcommittee proceedings.

MR. COTTER. I appear here today as an individual and not as an official spokesman for the African-American Institute.

While the Institute has a long record of activities which clearly indicate its opposition to apartheid and the white minority governments which dominate southern Africa, it does not, as a rule, take

specific stands on the kinds of questions which this committee is now investigating.

One important exception was the resolution of the Board of Trustees of the AAI in 1960 which, at the time of the Sharpesville massacre, condemned apartheid, and the repressive actions of the South African Government.

Members of the Institute, of course, remain free to express their own views on issues such as U.S. business investment in South Africa about which you have invited me to testify.

Before discussing what U.S. business should do with respect to its investments in South Africa, I must first outline what I believe should be the governing criteria for evaluating all U.S. involvement—public as well as private—with South Africa.

For me, the litmus test is simple. When reviewing any U.S. activity we should ask: can it lead to changes in South Africa which will result, as immediately as possible, in ending apartheid and minority rule within that country?

I, personally, am in complete accord with those who call for the strongest measures by the United States to accelerate the process of change within South Africa.

Nor would I automatically rule out violence as an instrument for obtaining the rights of the nonwhite majority.

The United States obtained its independence through violent revolution when it became clear that other avenues of peaceful change had been blocked. Can we deny to the overwhelming majority of South Africans the same right to achieve their independence from minority tyranny by whatever means are required?

I would certainly prefer peaceful change in South Africa—for the good of the majority as well as the minority—but I am not optimistic that the white rulers will willingly relinquish their absolute control over nonwhites.

The Vorster government's response to the Lusaka Manifesto—which accepted the possibility of peaceful, evolutionary change in South Africa—has not been encouraging.

Consequently, President Julius Nyerere of Tanzania was clearly justified when he called, in his address before the 25th anniversary session of the United Nations, for less patience and dialog and more support for the freedom fighters.

In that connection, I applaud the support which the World Council of Churches is giving to African liberation movements.

Nevertheless, few believe that an internal, violent revolution could succeed in South Africa at this point.

Thus, while I recognize the legitimacy of violence I doubt its efficacy in the current South African context.

This is why it is so difficult for me to endorse, without qualification, the demands of those Americans—mainly young and often black—whose dedication to the cause of liberty in South Africa I most respect.

This group of concerned Americans—which also includes trade union leaders and black employee groups—calls, with a near unanimous voice, for complete economic disengagement from South Africa.

I would be in their ranks now if I believed that total economic disengagement by the United States would be the most effective way of eliminating apartheid and bringing majority rule to South Africa.

I will join their ranks, in the future, when it so appears.

But, at least now, I do not advocate complete withdrawal.

Instead, I believe a better strategy is to help U.S. business recognize its obligation to the wider community in South Africa just as it has come to recognize in the United States that it has obligations to its employees and the general public which go well beyond its simple duty to maximize profits for stockholders.

U.S. business operating in South Africa must stop defending its general complicity in apartheid by arguing that it cannot violate local laws or customs or otherwise "interfere in the internal affairs" of another nation.

What about its obligations to follow U.S. Government policy which had condemned apartheid and seek ways, within a general system of "contacts" with South Africa, to encourage change within that country?

What about its obligation to its employees and the general public in South Africa?

Are these obligations less important than automatic compliance with repugnant South African laws?

I think not.

Now, assuming business accepted responsibility for trying to bring about change in South Africa, what can and should it do?

My general answer is, it should try to push at the limits of tolerance to break down apartheid; increase the welfare of nonwhite workers, see to their training, job promotions, and the education of their children, provide the opportunity for collective bargaining by recognizing black employee groups, give equal pay for equal work, institute pension, life, health, and disability insurance plans for nonwhites, provide legal assistance to employees who cannot afford it and assist with their obtaining decent housing, medical care, loans, and transportation.

Business should insure that nonwhite employees are treated with respect, and that they are given preferred treatment in training and promotions.

Business should contribute to organizations both within South Africa and the United States which are concerned with advancing the welfare of nonwhites in South Africa.

It should stop giving money to the South Africa Foundation which is primarily an apologist for the status quo in South Africa.

I recognize that this approach, which encourages U.S. business to change radically its method of operations in South Africa but does not call for withdrawal at this time, is generally opposed by both business and the more articulate, young critics in this country of the South African regime.

Business often says that even if it wanted to do these things, it would not be allowed to by the South African Government.

It is not at all clear that this is the case. The action of the Polaroid Corp. is testing, in a small pilot way, the limits of South African Government tolerance.

Others could join Polaroid to probe these limits and other companies as well as Polaroid should, in my view, continue to press toward ever higher standards of justice for their nonwhite employees.

But, some businessmen will say, "The South African Government will, eventually, reach a point where it will stop U.S. firms from con-

tinuously increasing the opportunities and welfare of nonwhite employees and will force U.S. business to retreat from the reforms or withdraw from South Africa entirely.”

At that point, I recommend withdrawal. If U.S. business cannot be a force for continuous change and ever more effective assaults on apartheid, then I believe it should withdraw.

But to my friends—and particularly the concerned, young black and other staff members of the African-American Institute—who call for total withdrawal now, I must suggest that your recommended course would discard an important potential tool for achieving meaningful change within South Africa before it is even tried out.

Before U.S. firms are pressured to withdraw, I believe we should try to convert U.S. business into a force to break down apartheid.

Most of those who call for immediate withdrawal honestly doubt that U.S. business could ever become a force for real change within South Africa even if it had the requisite will.

Perhaps they are right. But we won't know for certain until some have tried.

It is clear that if both withdrawal and internal pressure are possible forces for change within South Africa—and I believe both can be—and if we want to test the efficacy of each approach—as I feel we should—we can only do so in one order: We must first encourage U.S. business to mount strong, determined, and ever escalating pressure from within.

If that does not result in meaningful changes, then we should demand U.S. business to withdraw in the hopes that withdrawal will have some greater impact.

However, we must bear in mind that those two strategies cannot be tried in the reverse order: U.S. business cannot first withdraw and later try to work from within South Africa.

Despite my personal advocacy of trying first to force change from within, let me hasten to add that I see great value in immediate withdrawal as well.

In the first place, massive withdrawal of U.S. business at this point would be eloquent testimony of our national determination to oppose apartheid.

Thus far our national condemnation of that system has been largely verbal—on the part of the U.S. Government as well as the private sector.

If significant numbers of U.S. companies were to withdraw from South Africa during 1971 the world in general, South Africa in particular, and our young and other concerned people at home might begin to believe that this country has not lost all capacity for moral outrage.

They might come to feel once more that we are willing to make some sacrifices to match our ringing denunciations of apartheid.

In that connection, Anthony Lewis of the New York Times pointed out in his April 30 article on South Africa, that “The pressure an outside country can then apply, realistically, is to refuse to take part in the humiliations of apartheid—to refuse to lend them even an appearance of approval.”

Moreover, and perhaps even more important than terminating the “appearance of approval” which U.S. business presence gives to the

South African system, immediate withdrawal would help guarantee, for the good of our own national stability, as well for the majority of South Africans, that when the revolution comes to South Africa we will not be drawn into that conflict on the wrong side because of our economic ties to the present regime. We would then be free to support revolutionary change in a direct and effective manner.

One of the factors which has led me to recommend against total withdrawal at this time, is that I believe many black Africans, including many independent, militant blacks in South Africa itself, would also argue that pressure from within—no matter how pessimistic we may be about its impact—is at least worth trying before the United States completely disengages from South Africa.

I also know, however, that a very large number of revolutionary black South Africans, and almost all of those who have fled that repressive country, argue for immediate withdrawal and the imposition of complete sanctions on all fronts as soon as possible.

As I have said, I agree that such a course, if adopted, would produce important, positive results but I am not sure that the benefits would be as great as might be derived from continuous internal pressure by the American business community to bring down apartheid and achieve majority rule.

At this point, I am certain, some may feel that I have posited such an impossible set of assumptions that the technique I advocate should be rejected as grounded on fantasy.

It can obviously be argued that, first, American business—regardless of U.S. pressures or awakened corporate conscience—will never become the positive source of change which I have assumed it might; and, second, that even if it were willing to move along the lines I have set forth, the South African Government would not allow it to do so.

Either or both of these assumptions may prove to be correct.

But, at the same time, I cannot help feeling that U.S. business has never really tried internal pressure and, in my view, the approach is worth trying even if the odds against meaningful success are long.

Some short-term benefits may be quite worth while even if total victory cannot be achieved.

For example, if the welfare of South African nonwhites can really be increased, if their education, training, skills, and the opportunities for their children can be substantially upgraded, if their health, job opportunities, self-confidence, organizational skills and financial resources can be improved—would not these changes improve the capacity of the South African majority to claim their just rights—by peaceful or violent means—even if they fall short of converting the white rulers into true democrats willing to transfer power to the majority?

Let me illustrate my recommendations by stating the advice I would give a U.S. business leader who was genuinely concerned with majority rights in South Africa.

First, be certain that the U.S. managers of the South African affiliate share an abhorrence of apartheid and the desire for radical, rapid, meaningful change in that society.

As Carl Rowan noted, the most regressive attitudes among U.S. citizens in South Africa tend to be found among the American managers of U.S. companies. This situation must be reversed.

Second, recognize fairly chosen representatives of nonwhite employees in the South African operations and let them identify the priority needs as they see them for changes in company policies toward nonwhites.

Third, pledge to them that the company will devote a significant part of its earnings in South Africa to finance these added benefits.

Fourth, institute the requested policy changes as soon as possible and, continuously thereafter, press for more and ever more changes in the conditions of nonwhite employees until apartheid has been eliminated.

Fifth, encourage other U.S. businesses to join in such an effort. This will help insure that a pioneering company will be able to survive longer in South Africa than if it moved alone and it will also multiply the concrete results of these changes.

Tokenism means nothing to those who are really concerned with change. In fact, it simply antagonizes and repels us.

Sixth, contribute funds to organizations within and without South Africa which are truly dedicated to increasing educational opportunities for nonwhites and in other ways as well working to end apartheid.

Examples of such organizations in South Africa are the black-run Association for the Educational and Cultural Advancement of the African People of South Africa (ASSECA), the Christian Institute, and the Institute of Race Relations.

Examples in this country are the American Committee on Africa and, if I may be so immodest, the African-American Institute, among others.

Seventh, be particularly concerned with promoting nonwhites as rapidly as possible and provide the necessary training within the company to insure that increasing numbers of nonwhites are capable of filling more highly skilled positions including managerial slots.

This will not only serve to end apartheid in the company but will help equip increasing numbers of nonwhites to claim effectively their civil rights in the society at large.

Eighth, when the South African Government pressures the company to discontinue such a program, resist that pressure with determination.

When necessary, withdraw from South Africa rather than abandon a program designed to speed the end of apartheid.

In my view, if a company is not willing to take the kind of steps outlined above, then it should withdraw now.

It should stop giving tacit approval and real support to the maintenance of the present horrifying system in South Africa.

In other words, I do support the demands of those who are trying to force U.S. companies to withdraw from South Africa, but only with respect to those firms which evidence no willingness to be a force for meaningful change in South Africa.

However, for those other firms which do condemn apartheid and are willing to institute programs to force changes from within, I believe we should watch such experiments carefully, prod the companies to do more, but give them some reasonable chance to demonstrate that their program is affecting change.

When a program appears to be failing or degenerates into only a token or sham assault on apartheid, then I would join in the call for complete withdrawal by that company.

Let me add one short thought about the special situation regarding Namibia, also referred to as South-West Africa.

South Africa's violation of its mandate to administer Namibia is once more before the International Court of Justice. If that Court confirms that South Africa has forfeited its power under the mandate, then I hope that U.S. firms in Namibia will respect the jurisdiction of the United Nations over that territory and be prepared to obey its directives and to pay taxes to the United Nations rather than to South Africa.

Let me conclude by observing that the U.S. Government, as well as U.S. business, can take positive steps of the sort I have suggested.

It is of course untrue, as some claim, that our Government is powerless to regulate the activities of U.S. business in South Africa.

It could do so, if it chose to intervene on behalf of freedom.

It could, of course, simply prohibit any U.S. investment in that country.

Alternatively, it could prohibit continued operations in South Africa unless companies follow radically new employment policies regarding their nonwhite employees.

But very frankly, I believe at this juncture, that it may be easier to get U.S. business to act than the U.S. Government.

Thank you, Mr. Chairman.

Mr. DIGGS. Mr. Culver.

Mr. CULVER. Are you not already at the limits of tolerance with your checklist?

Mr. COTTER. That is one of the most difficult questions, Mr. Congressman.

U.S. business has never tried to test the limits and so we do not know.

Mr. CULVER. Is it possible that the Vorster regime would let the U.S. business community successfully implement these reforms and still maintain an apartheid system?

Mr. COTTER. It is my understanding from some who purport to know the South African legal system, which I do not, that many of these things are technically legal within South African law today.

This is not true of job reservations, but I believe that on other matters corporations have considerable unused latitude. Miss Hunter and Mr. Williams brought out that there is a maximum amount which can be paid to black workers under South African law. I do not know if that is true, since I have never read South African law.

Mr. CULVER. Under the Bantu Education Act, you can only educate for native jobs, as currently defined, and you must remain within the legal structure of the apartheid system, is that not so?

Mr. COTTER. Let me just insert here—

Mr. CULVER. I do not mean to be difficult. I think we are talking about a contradiction in terms. Obviously if we should try to push at the limits of tolerance to break down apartheid, I was just concerned about the extent you could go, or whether you were unrealistic in viewing the threshold of tolerance we are confronting, because the implementation of this checklist would be the repudiation of the apartheid system and it would destroy it.

It would make our presence here academic. The revolution is at hand. The revolution is now. If they would accept this, then the British, as

you well know, whose presence economically is far more significant, would be next, and the ballgame is over.

Mr. COTTER. I think you are making the convincing argument on the other side.

If you agree there is no chance for meaningful change, meaningful breakdown of apartheid, and that even if U.S. business banded together, perhaps supported by the U.S. Government, it could not be a meaningful force for change in South Africa, then I agree business should withdraw.

My only point is that no one has yet tried the limits of tolerance. There are current laws in South Africa, but it does not mean those laws will be rigidly enforced, nor does it mean that those laws could not be changed if there were appropriate forces and pressures on the South African Government to change them.

I am not in a position to predict what would be the reaction of the Vorster government to changing some of its current laws if 400 U.S. companies, backed by the U.S. Government said: "These are the only conditions under which we can operate. If you change this law and that law and that law, we may stay. If you do not, we may not."

At that point, the Vorster government makes a choice, either to destroy the apartheid system to keep its relations with American business or save apartheid and let U.S. business go. However, I believe it would be a mistake to give up our potential bargaining power without ever trying it as a force to change the current system.

Mr. DIGGS. Do I understand that you support the Polaroid experiment, because that is their stated goal to test tolerance?

Mr. COTTER. I think that the Polaroid experiment, by itself, is difficult to accord much credence in the sense that it is obviously so small, and so piloty, that it is not likely in the immediate future to show us very much.

I think the Polaroid experiment, if it were tougher, and if it made specific demands to change laws in South Africa, and if it were joined by really big and important U.S. companies, it might be an experiment worth watching.

There is a separate issue in the Polaroid case which has been raised by Mr. Williams and Miss Hunter, and that is that Polaroid's presence not only builds up the economic power of the Vorster regime, and gives tacit acceptance to the apartheid system, but goes beyond that and specifically aids in the enforcement of one of the most obnoxious parts of that system.

If that is true, then I think there may be a different problem with respect to Polaroid. If their presence does in fact aid the Government in a material way to enforce its repressive system, then I think that company should withdraw.

Mr. CULVER. Mr. Chairman, I would like to ask a question.

Mr. Cotter, you say, on page 4:

Now, assuming business accepted responsibility for trying to bring about change in South Africa, what can and should it do?

I gather the thrust of your recommendations is based particularly on American companies. Is the American business community, collectively speaking, prepared to move in this direction?

You have indicated that Polaroid, by the size of that experiment, could be something that the apartheid system could comfortably ac-

commodate without having a spillover of infection that would undermine their whole environment; is that correct?

Mr. COTTER. I think that is possible.

Mr. CULVER. Now, the African-American Institute probably has relations with the general American community to the extent that is greater than any other institution, even though economics is not your primary purpose.

Today we adjourn the hearing, and you send out a circular to all of the board members of the African-American Institute, and all of the economic interests represented there, and you say I have a good idea as the new director of the African-American Institute.

I wonder if you agree with me that we should jointly adopt this agenda as an African-American Institute initiative, and say that we are to present it to the South African Government, and say that all of us who have signed it now wish to advise you, most respectfully, that this will constitute the basis upon which we will in the future do business in South Africa, and in the absence of it, we will collectively cease and desist from our economic activity here.

Now, that would present the kind of answer you look for here, and this would question the tolerance issue.

The thing that concerns me, and the thing I think is so difficult for us as white men to understand—we can make all kinds of claims of how we abhor violence, bloodshed, and who does not, unless you are a vampire, or insane—but the real question is whether or not we do recognize and equate the kind of systematic murder that apartheid is committing every single second of every single hour that we are sitting here. If we were products of that society, or at least the statistics would indicate that, if those circumstances characterized our condition at the time we were born, you would not be sitting here, and I would not either.

How meaningful is life to any of us here at this table who do not have certain basic opportunities and freedoms, and I think the difficult thing, if I were black, would be particularly to accept or would be the failure to understand this, the failure to understand the protracted continuation of this abhorrent system, and this in turn could bring about a rather costly and immediate revolution along with bloodshed.

No matter what its toll, it may be a condition that is more acceptable than the indefinite protraction of this system that is murdering people. I think the concern here is that if it is inevitable, and certainly you can look at world history, there is only one answer, there is no exact situation. You cannot get on all fours, but there has never been a situation comparable to any degree of this kind of thing in power, where you have the power and the race issue involved.

Even our own trade movements, our own civil war, is characterized by violence.

I wonder if you want to test their tolerance, what kind of timetable are you prepared to give them?

Are we prepared to test their tolerance on the basis of ourselves?

If we want to get an answer to that, let's get an answer.

Mr. COTTER. I have tried to indicate in my paper that if I thought violent revolution would work tomorrow, we should see how we could support that in South Africa—

Mr. CULVER. I don't think they want us to support it. They want us to stay out of it.

Mr. COTTER. If that would be the support they want, I would be with you.

I would support that which would bring a successful revolution most quickly. I said that in the paper. I agree, let us get the apartheid system smashed as soon as possible.

Mr. CULVER. Let's address ourselves to that for a minute. If the argument is by our withdrawal the standard of living of the blacks in South Africa would go down, would that hasten the day of revolution?

Mr. COTTER. It is hard to tell. I doubt it.

Mr. CULVER. But more than likely?

Mr. COTTER. I doubt it. I do not think you would find historically that the poor lead revolutions.

Mr. CULVER. How about the extent to which the economic problem South Africa increasingly faces in terms of its own situation, which would bring about the kind of dissatisfaction among what little white intellectual class that is sympathetic on this issue to serve as a catalyst?

Mr. COTTER. I don't think that the whites will lead the revolution. I think it will be only the blacks.

Mr. CULVER. What about the danger that is felt if we do not withdraw, and it comes? What will we see from the American Government, if not support? And in its own search for equality, will we take a position there that makes this revolutionary effort less successful, or less likely of fulfillment?

Mr. COTTER. On page 6, I addressed myself to that question.

I made two points. I do see benefits in immediate withdrawal. I agree that is a positive thing for U.S. businesses to do. For one thing, it disassociates us from this foreign system and shows we mean it when we condemn apartheid.

Second, it would disassociate us economically from South Africa, and when the revolution does come, we would not be drawn in on the wrong side because of our economic ties.

I think those are valuable effects of withdrawal. If any business wants to withdraw now, I would applaud it.

My only question, the only area of dispute, is if we had enough power in our black movements, in our Government, and elsewhere to make U.S. business withdraw from South Africa, shouldn't we first use that same power to encourage business to try to eliminate apartheid by working from within?

Mr. CULVER. I do not think we have enough. I have not really afforded you an ample opportunity.

What would your guess be when you circulate these materials to your own board?

Mr. COTTER. Well, my board is not representative.

Mr. CULVER. You say assuming business accepted responsibility—that in the context of this exercise is really a fundamental assumption—but assuming they did, of course, the problem is over, but the question is not likely they will.

Polaroid is already getting hammered. They privately would give you a good check list, and say what are you guys doing to us?

Mr. COTTER. I think that is true. I don't know enough about the U.S. business community to know whether realistically they would

convert themselves into a meaningful group, to deal with this kind of problem.

I think if business is faced with consistent demands for withdrawal as the only alternative to the status quo—and there are growing demands for withdrawal, from church groups, directed against General Motors and against others, and similar pressure is beginning to come from labor unions, from black workers in organizations and white do-gooders—then there is not much chance that business will try to bring about change from within South Africa. The principal question for me is whether pressure should be applied to have business get out, or to have them do something constructive within South Africa.

My point is that U.S. firms should try to use internal pressures first.

If it fails, then get out.

But American business influence would be linked to the growing revolutionary strength in the black community of South Africa, if those two could somehow coexist and reinforce one another there might be some possibility for change.

I am doubtful enough. I think the chance is small, but the alternative of withdrawing without ever trying seems foolish.

Mr. WHALLEY. Is the principal thing for blacks to get wages that can sustain them?

Mr. COTTER. No. The principal thing is to control their country.

Mr. WHALLEY. How? By forcing outside investment and outside companies out of the country? By changing the law, or eventually take over in some other way, such as by violence?

The big advantage the blacks seem to have, is the fact there are not enough white people for skilled work.

Mr. COTTER. A lot of people say that, Congressman.

I think many observers agree that if any small openings have appeared in the apartheid system, such as the ability to overlook the Polaroid experiment, or to allow black workers into reserved jobs, it is economic pressure which has begun to work.

But, I do not think the revolution will come through economic gains. I think change in South Africa will only come when blacks have stronger organizational and leadership capacity, and greater financial strength to organize themselves to demand their just rights. At that point they will have to decide whether to opt for violent or peaceful change.

That is up to them. It is not for us to sit here and guess for them as to which way they want to move in their society.

I argue in this statement, that even if an American experiment did not succeed in breaking apartheid, it would have some short-term advantages in increasing the strength of black people to demand their own rights in the larger society. Even if American companies got so pushy, that they were thrown out by the Government, at least in the meantime some more black people would have been strengthened in their ability to join with their fellow black people to demand their rights violently or peacefully.

Mr. WHALLEY. As the country progresses, it will need more skilled workers, and since they do not have enough white people to fill those jobs, will be training the black people for supervisory jobs, and skilled workers, although they are not giving them the title or the wages as yet.

The first thing you know there will be so many black skilled workers, that they will control the factory.

It used to be that black athletes were not permitted to play in the South of the United States, but eventually, the black people became such proficient baseball and football players, that everybody accepted them.

At one time Atlanta, Ga., would not accept black athletes, but about a year and a half ago, the residents almost shut Atlanta down to celebrate, because three black players put Atlanta on the baseball map.

Mr. CULVER. How about letting them—

Mr. WHALLEY. If enough blacks could be trained into skilled work, eventually I think they could whip any obstacle.

Mr. COTTER. I think the problem is with the judgment of how quick one can whip it.

I think most people are not patient enough to wait for the system you are advocating to begin to work.

Mr. WHALLEY. What would you do if you need skilled workers, and white people are not available?

You just go ahead and train the blacks.

In 2, 3, 4, or 5 short years, you will be amazed at the number of blacks that are skilled, and all they have to do is refuse to work, and down goes the factory, and I do not think the ownership would penalize themselves when there are dollars to be made.

Mr. COTTER. I think the problem with all of this discussion is that we all make such very wild assumptions about what are the dynamics in the black community in South Africa. Each of us can give six or seven different scenarios that might unfold that would bring about the needed change, some of them faster than others.

I tried in this paper to stay away from overconfident forecasting. I have tried to balance the effectiveness of the two alternatives open to U.S. business: either to try to be a force for meaningful change in South Africa or to get out.

I have tried to weigh in this paper which of those courses would most likely cause change to come about in South Africa, and which will bring that change most quickly.

My guess is that if business really tried breaking down the system from within, it might have positive results, and bring the possibility of revolutionary change nearer.

Others guess the other way and argue that withdrawal itself will accelerate the time when black people will claim their rights in South Africa.

I don't know.

I have great difficulty with that argument. It is not clear to me what follows if Polaroid and all of the rest of the American companies get out. I do not see how that strengthens the ability of South African blacks to bring about their own revolutionary change.

That is the part I do not understand.

Mr. WHALLEY. I asked a South African what would happen if 10 skilled workers were needed and they are not available in white.

A hundred employees would have to be dismissed.

He said, "We will train the 10 blacks into skilled workers before we lay off 100 employees."

I said, "What will the Government do?"

He said, "They will not do a thing."

Mr. CORRER. Other people argue that the Government will not stand for such changes if they are meaningful.

If there was a meaningful thrust by American business to destroy apartheid, they argue, the South African Government would not stand for it.

I say let them throw us out. Let's push them before we retreat voluntarily.

Mr. CULVER. What if we in Congress, under our guaranteed loan program, took hard earned black American taxpayer dollars and used them.

We hear so much of the white affluence and how all of that is wasted.

Let's look at it from a black American point of view, of whether or not he wants his hard-earned taxpayer's dollar to be used in a way that does not only not benefit him, but that is contrary to his fundamental moral issue.

What if we in Congress were to draw up some guidelines with regard to obtaining export licenses, where the backing of the U.S. Government is for black and white, black citizens and white citizens. Isn't that what business guarantees are all about. You make a bad deal, you get hauled in, and the State Department will come to help you out.

What if we say to do business in South Africa we feel you need to obtain a license, and to justify the expense of the hard-earned African dollar to support you, and to give you economic security, and to guard against any political risk, or any other problem we face, in the minimum, you have got to comply.

What do you think of that type of action: to tie it into the whole issue of licensing with overseas licensing?

Mr. CORRER. On the last page of my statement I encourage you to do this.

However, I believe, very frankly, right now, it is easier to get the U.S. business community to act rather than the U.S. Government.

I do not think you are going to accomplish the things you just outlined Mr. Congressman. I think that pressure is mounting directly against the U.S. business community, not from the U.S. Government, but from private people.

If you are willing to move faster, fine.

Mr. CULVER. I have not read that far in your statement, and I am very excited if we could really have the support of a group as prestigious in the context of American politics, as the African-American Institute, and I know in this connection you do not speak for them as a body.

I would submit the same kind of pressures we see being responded to here in the case of Polaroid, obviously are working, and the same constituency of conscience that prompted this modest experiment, this pilot project, make no mistake about it, are the same international political forces that will generate to bring about the needed action.

Mr. CORRER. I agree with Mr. Williams. This will be the Vietnam of the 1970's, once we get out of Vietnam. As the pressure builds, the question is should it be pressure for withdrawal, or pressure for change from within? If you want to try both strategies, you have to try first to force change from within and then pull out if you cannot be effective from within.

You cannot try these strategies in the reverse order.

Mr. DIGGS. Have you tested any of these recommendations with any of the business interests that you know are involved in South Africa?

Mr. COTTER. I have not, no. I think that, very frankly, the testing has to come with the people who are putting pressure on business rather than business itself.

Mr. DIGGS. I mean in formal discussions, of business associates, or friends?

Mr. COTTER. I think you will find a great range of business opinion. Some of them believe that a concerted power play by several American companies to move in this direction is possible in the current South African business situation.

These businessmen recognize the growing force of stockholder and employee pressures, and many of them personally care about justice in southern Africa. Some of them believe the approach I advocate is worth trying.

Other businessmen think withdrawal is the route. Others say we cannot rock the boat, that we are guests of that Government, and we must not do anything.

I think there is a range here, but I have not gone far enough, Mr. Chairman, to really know if there is any meaningful chance of business, of its own free will, taking the initiative.

Moreover, business would only adapt a plan to cause change from within South Africa if it thought domestic U.S. pressures would encourage it to move it in this direction.

I think it would not likely adopt such a plan if it feels that the U.S. pressures on it favor only withdrawal. Then I suspect it will dig in its heels on the issue, and not consider any change in its current operations. If stockholders, employees, and others trying to put pressure on American business, do not offer a chance for them to continue to operate while becoming a meaningful force for change, then, of course, I do not think business will ever begin to put pressure or apartheid from within South Africa. Why should they since such moves would not relieve them from U.S. pressures which demand only withdrawal.

Mr. DIGGS. Is there any consideration being given to the possibility of the Institute arranging some dialog off the record on the subject, with American business?

Since you have arranged a dialog between Africans and Americans, and between Africans and black Americans, and had several other conferences and seminars, and contributed to the enlightenment of all of the participants, would the institute consider arranging a conference with ranking representatives of business interests in those areas?

We find it difficult to get them to respond to invitations here in the Congress on this subject.

Perhaps you might be the vehicle that could call them together for such a dialog.

Mr. COTTER. Speaking for myself, I would be willing to do that.

The only problem we have is that we do not want to be a tool of tokenism and apology, and I think one of the great problems of entering into this field at all is the danger that some of our very close friends will believe the staff of AAI is less concerned on the question

of South Africa than I believe we are. It is a dilemma for an organization like ours to take initiatives with the business community on this sensitive issue.

It is not beyond possibility if the chairman of this distinguished subcommittee were to ask us to do this, or to suggest we do it. It would make it a lot easier for us to do it, very frankly, Mr. Chairman.

Mr. DIGGS. You might be hearing from me on that subject.

Was there any point that you did not reach in your prepared testimony though?

We began to engage in dialog and questions before you were through.

Is there any point that is not covered in the questions as you wish to highlight it?

Mr. COTTER. I don't think so, Mr. Chairman. I do have a checklist of things that I think American business might do, if it really cared.

Mr. DIGGS. Your entire statement has been made a part of the record, so I see no need in reading it.

Mr. COTTER. Thank you, Mr. Chairman.

Mr. CULVER. Mr. Cotter, I wonder if you could enlighten the subcommittee with regard to the corporation's legal question.

Do you have any general familiarity, given your legal background, with the flexibility of modern law to what the corporation currently enjoys in terms of the utilization of corporate funds for social purposes?

Mr. COTTER. I think it has an ability to go very far. It has never been curtailed, so far as I know, by a court. I support if a company were spending itself into bankruptcy, as a result of good works, then the stockholders at that point might get some redress. But even if a company were losing money in one particular operation, but not in the company as a whole, then I believe the stockholders could do little to stop the utilization of corporate funds for sound purposes.

Mr. CULVER. What about the basic assumption of common law, and the absence of the kind of social political pressures that corporations along with every other institution are responsive to. Isn't it true that the courts took a rather narrow line here, and a hard position with regard to the view that someone's investment, that business has every expectation that those funds would be administered in such a way to maximize profit, or if not that, to at least go toward that goal?

There is this whole effort that the corporation does not have a soul, or a conscience, and that it should not get involved; that if you want to do that you can contribute to your local charity and United Fund.

My only question here is with regard to the current status of modern corporate law, I know this is always involving and always challenging.

Mr. COTTER. I think there is relatively little danger here.

Mr. CULVER. Can you cite any specific legal precedence to substantiate that feeling?

Mr. COTTER. I cannot offhand. I have not done research on the question.

I would doubt, however, that you could find a case where a stockholder has successfully prevented a corporation from putting in anti-pollution devices.

Mr. CULVER. That may be under compliance of Federal or State law.

Mr. COTTER. It may or it may not be.

It is clearly legal for corporations to give money to charity, and that is giving away the stockholders' money.

Mr. CULVER. That is good business.

Mr. COTTER. It may or it may not be. Management is given wide discretion by courts. However, if it decided to give all of its money to promote social justice in South Africa, then that would be another matter.

Mr. CULVER. I want to thank you, Mr. Cotter, for coming. We in the Congress have appreciated the initiatives by the African-American Institute with Members of the Congress and other groups who have a concern about the future, to help sponsor programs, and to make available various intellectual resources and information to us.

We thank you, and we welcome you as the new president of the African-American Institute. We look forward to working with you.

Mr. COTTER. Thank you very much.

Mr. DIGGS. Thank you for coming, Mr. Cotter.

The subcommittee stands adjourned.

(Whereupon, at 4:30 p.m., the subcommittee was adjourned subject to call of the Chair.)

U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

TUESDAY, MAY 11, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON AFRICA,
Washington, D.C.

The subcommittee met at 2 p.m., in room 2255, Rayburn House Office Building, Hon. Charles C. Diggs, Jr. (chairman of the subcommittee), presiding.

Mr. Diggs. The subcommittee will come to order.

Before proceeding with the business of this afternoon I would like to acknowledge the presence in our audience of a very distinguished member of the Government of Dahomey, Mr. Germain Adjanohoun who is the Secretary General of that very progressive French-speaking country in Africa. We are very delighted to have the gentleman here with us and hope it will satisfy his curiosity about how the American Government works, particularly its legislative bodies.

Our hearing last week regarding U.S. business involvement in Southern Africa was primarily concerned with what has become known as the Polaroid experiment. This afternoon our attention will be directed toward other witnesses who are prepared to enlighten the subcommittee with respect to this general subject.

We are very fortunate to have as our leadoff witness this afternoon Dr. Daniel Kunene who was born in South Africa and has a very extensive background in education and teaching experience through his membership in learned societies and nonacademic organizations and through the publication of many articles in special publications that have not only been prepared in the past but are under preparation. I am sure that this distinguished scholar can contribute considerably toward the enlightenment of the subcommittee.

Without objection a complete résumé of Dr. Kunene will be placed in the record.

The Chair welcomes the gentleman here. He has a prepared statement and I would ask him to proceed with his statement.

STATEMENT OF PROF. DANIEL KUNENE (SOUTH AFRICAN) UNIVERSITY OF WISCONSIN

BIOGRAPHY

Personal data:

Born April 13, 1923, at Edenville, O.F.S., South Africa.
Married (Selina Claurina, born SEKHUTHE), January 1953.
Four children aged 14, 12, 6, 3.

Education:

- B.A., University of South Africa, 1949.
 M.A., University of Cape Town, 1951.
 Secondary Teachers' Certificate, University of Cape Town, 1953.
 Ph. D. University of Cape Town (Thesis: The Sound System of Southern Sotho), 1961.

Teaching experience:

- Lecturer, University of Cape Town, Department of Bantu Languages, 1954-63.
 Acting Head, Department of Bantu Languages, University of Cape Town, March 1962-June 1963.
 Visiting lecturer in African languages and literature, University of California at Los Angeles, Spring Semester, 1964.
 Assistant Professor of African languages and literature, University of California at Los Angeles, July 1964-June 1970.
 Associate Professor of African languages and literature, University of Wisconsin, Madison, July 1970 to present.

Membership of learned societies:

- Member of the African Studies Association of America, 1964 to present.
 Fellow of the African Studies Association of America, 1966 to present.
 Chairman, Literature Committee of the African Studies Association of America, 1970 to present.

Membership of University Committees:

- Member, Afro-American Studies Steering Committee at University of Wisconsin, 1970 to present.

PUBLICATIONS

Articles:

- "Notes on Hlonepha among the Southern Sotho", *African Studies*, v. 17 n. 3, 1958.
 "Who is your White man?" (article on linguistic reflection of social behaviour), *The New African*, v.1 n.6, June 1962.
 "Where language mirrors" (further article on linguistic reflection of social behaviour), *The New African*, v.1 n.8, August 1962.
 "Southern Sotho words of English and Afrikaans origin", *Word*, December 1963.
 "The ideophone in Southern Sotho", *Journal of African Languages*, v.4 part 1, 1965.
 "A war song of the Basotho", *Journal of the new African Literature and the arts*, Spring 1967.
 "Deculturation—the African writer's response", *Africa Today*, August/September 1968.
 "African Vernacular Writing—an Essay on Self-devaluation", *African Social Research*, No. 9, June 1970.
 "Special Deverbative Eulogues in Sotho", *Studies in African Languages & Linguistics* (ed. Chin-wi Kim and Herbert Stahlke), Linguistic Research Inc., 1970.

Review articles:

- Temo ya boholo-holo Lesotho* by M. Mohapi, reviewed in *African Studies*, v.16 n.4, 1957.
The ideophone in Zulu by Derek Fivaz, reviewed in *Linguistics* no. 25, September 1966.
Africa Addio (a film), reviewed for the *Los Angeles Times* in 1967.
A very strange society by Alan Drury, reviewed for the *Los Angeles Times* in December 1967.
House of Bondage by Ernest Cole, reviewed for the *Los Angeles Times* in December 1967.
Literacy in Traditional Societies (ed. Jack Goody), Cambridge University Press, 1968, reviewed in *African Social Research* no. 9, June 1970.
The Form, Content and Technique of Traditional Literature in Southern Sotho by S. M. Guma, reviewed in *Research in African Literature*, v.1, n.2, 1971.

Special publications:

The beginnings of South African vernacular literature (co-authored by Randal A. Kirsch), published and circulated privately under the auspices of the literature committee of the African Studies Association of America, October 1967.

The works of Thomas Mofolo, summaries and critiques, African Studies Center of the University of California at Los Angeles, Occasional Paper no. 2, May 1967.

MEMBERSHIP OF NON-ACADEMIC ORGANIZATIONS

Member of the Non-European Student Fund Committee, University of Cape Town, 1962-63.

Member of the Education Committee of the Students' Health and Welfare Centres Organization, University of Cape Town, 1962-63.

Chairman, World University Service, South African Committee, 1963.

Member, South African Committee for Higher Education (SACHED), 1962-63.

Member-at-large, member of the executive committee, World University Service (International), 1964 to present.

Co-vice-chairman, World University Service (International), 1966-68.

ARTICLES FOR, AND PARTICIPATION IN DELIBERATIONS OF, NON-ACADEMIC ORGANIZATIONS

World University Service:

Article: "Higher education in South Africa", *WUS in Action*, v. XV n. 3-4, June-July 1965, (later translated into French and published in the French version of *WUS in Action*.)

Symposium: Record of participation in World University Service Symposium, *The University's role in the development of the Third world*, in Dar-es-Salaam, June 1966. Edited and published by World University Service, Geneva 1968.

Forthcoming:

The heroic poetry of the Basotho, ms. accepted by the Clarendon Press, Oxford, for publication in Spring 1971.

"Bantu literature", short article accepted for publication under the general title of "African literature" in the 1971 edition of *Encyclopaedia Britannica*.

Under preparation:

A *digest of African vernacular literature*, summaries and critiques of the written literatures of Bantu-speaking Africa. One volume to be devoted to accritical appraisal of the literature involved.

The ideophone in Southern Sotho, to be published as a monograph by the *Journal of African languages*.

A Southern Sotho Course, no publisher as yet approached.

Notes on circumcision among the Southern Sotho, a substantial article or monograph or special publication, including several songs with translations (without the music).

The songs of Reuben Caluza, a substantial article or monograph or special publication, analysing the content of the songs—intended to show how political awareness and criticism among the South African Africans were reflected more in song than in literature.

Participation in Scholarly Conferences, Symposia, Talks etc. (only relatively recent ones mentioned):

University of Zambia, Lusaka. Read paper on "African Vernacular Writing—an Essay on Self-devaluation," April 1969 (published, see Fa).

University of Zambia, Lusaka. Participated in Symposium on African Literature, April 1969.

University of Illinois, Urbana. Read paper on "Special Deverbative Eulogues in Sesotho" at Conference on African Languages and Linguistics, April 1970 (published, see Fa).

Indiana University, Bloomington. Read paper on "Metaphor and Symbolism in the Heroic Poetry of Southern Africa" at Conference on African Folklore, July 1970 (proceedings to be published soon by Doubleday).

African Studies Association Annual Meeting. Read paper on "Dreams in African Literature—Case Studies from Zambia and South Africa," Boston, October 1970.

Modern Linguistic Association Annual Meeting. Read paper on "Nyoko ngumwi by L. M. Mwinga, a Bemba writer from Zambia," New York. December 1970.

Languages spoken and/or read:

English (spoken and read—fluent).

Southern Sotho (spoken and read—fluent), mother tongue.

Northern Sotho and Tswana, both related to S. Sotho (spoken and read—fairly good); *Xhosa* (spoken and read—fairly good); *Zulu* (spoken and read—fairly good), latter two related; *Lozi* (read well, spoken rather poorly, but understood fairly well when spoken by someone else), related to Southern Sotho.

Afrikaans (spoken and read—fair).

French (spoken and read—very poor).

Mr. KUNENE. Mr. Chairman, if I may, let me correct the pronunciation of my name; it is Gu-nan. Thank you.

I would like to make it clear right from the outset that the theme of my address to you has to do with man's enslavement of his fellow man in pursuit of profit. I do not propose to define the term "slave" and all its derivatives for this is something that easily becomes an academic exercise little related to the drama of life. I have come here to talk about human beings. And if I say that a man suffers, and you ask me to define "suffering," I refuse to do so. I ask you, instead, to go and see for yourself the condition of the man, and be yourself the judge. For there is a point beyond which words are a mere game.

Slavery, the basest thing that one man can perpetuate on another, can have no other justification but the superprofit motive. Under slavery, those who have arrogated power unto themselves, who hold the whip and have the weapons to put down any attempts by the slaves to regain their freedom, exercise this power to insure that they shall continue to be ministered to at the least possible expense to themselves, and at the highest possible level of profit.

Sadism, that perversion that makes men get a thrill from seeing others suffer, does in time take hold of the slave driver and the slave owner, and the slave is given harsh treatment and chained and flogged, no longer to insure that he shall not escape, no longer to insure that he shall use every ounce of his physical strength to do the work assigned to him to the satisfaction of his master, no longer even to break his spirit, but for the sheer joy of a perverted mind. Yet it is important to note that perversion is not a cause of slavery; it is a tragic symptom; it is the price that the slave driver and slave owner has to pay in order to maintain a system whereby his fellow men are nothing but chattels, the sole purpose of whose existence is to be in perpetual servitude to their owner. You shoot down a slave who has any ideas about freedom as you would a dog that bit its master's hand, or a dog with rabies. The shooting at Sharpeville on March 21, 1960, is a case in point. To this we shall return later.

Slavery is just a word. It is a series of sounds which the vocal apparatus of an English-speaking person can make with relative ease. Ask someone for a definition of slavery, and he might be hard put to come

up with something satisfactory. Go, however, to the man who is chained and flogged, who is sold to one owner while his wife goes to a second and his child to a third. Go to the man who works from dawn to twilight for nothing more than the food that keeps him alive. Go to the man who has lost his freedom, who lives his life from day to day, never knowing what his fate might be on the morrow, let him recount to you what his captivity has meant to him—then you see slavery.

You see slavery when various labor laws expressly, or by trickery, exclude the black man in South Africa from workers' rights, privileges, and benefits, as when the Industrial Conciliation Act of 1924 excludes the African from the machinery for collective bargaining, and its latest version, the Industrial Conciliation Act of 1956, through its Industrial Tribunal, excludes blacks from doing certain types of jobs—so-called job reservation.

You see slavery when, by the Native Laws Amendment Act of 1949, black workers are deprived of the right to choose where they shall work, but are channeled through labor bureau to labor centers and to any jobs that may be vacant, regardless of their wishes or their experience or qualifications.

You see slavery when the Native Labor—settlement of disputes—Act of 1953 makes it illegal for Africans to go on strike. You see slavery when the Bantu Laws Amendment Act of 1964 totally uproots the African from town residence, pushing aside even the previously required rigorous qualification criteria of either having been born there, or having lived there continuously without a break for not less than 15 years, or having worked for the same employer—who must be white—for 10 years without a break, which applied a few years before, to qualify an African to apply for permanent residence.

But above all it is in the laws that provide punishment for any indication of intolerance or resistance on the part of the oppressed that you see slavery at its most extreme and vicious form. The Suppression of Communism Act of 1950 in effect says, "Thou shalt not complain." It tells you that only Communists complain against such laws and, as you should know, communism is an enemy of the "free world," and you live in a "free world," and, as you know, you are free as long as you obey the law.

You see slavery gone mad in a law such as the Terrorism Act of 1967 which is summarized and commented upon as follows by A. Sachs:

The Terrorism Act, 1967, provides that any police officer above the rank of major may authorize the arrest and detention in indefinite solitary confinement of anyone whom he has reasonable grounds for suspecting of being a terrorist or of withholding information about terrorism. Terrorism is defined *inter alia* as any act likely to embarrass the administration of the affairs of state. The police need give no information to anyone about such detainee, nor are they obliged ever to bring him before the court.

People disappear and there is no way of finding out if they have been taken into custody or not. At the same time the police have such total control that if they use unlawful methods of investigation, such as torture, it could be months or even years before their victim could ever complain publicly about his treatment.

End of quote from Sachs.

If a self-confessed slave driver or slave owner chains his slaves to insure that they will be where he wants them to be, the unavowed, vehemently denied slavery of South Africa has other means—it has the Pass Laws. The shooting of 1960 at Sharpeville and other parts of

South Africa can only mean one thing. The slave owner panicked, for he saw himself losing control over his slaves as the black masses came to hand over their modern day chains, their passes, to the police. If he allowed this to happen, how would he continue in the future to make his super profits? He decided to shatter the peace of nonviolence with the weapons of war, and when the rumbling died away, scores of unarmed, retreating men, women and children lay dead or dying on the ground, and many more were maimed.

Sharpeville wept. Langa wept. South Africa's black people wept. But above all anger and determination grew. Sorrow and anger seized men and women throughout the world also who cared about human justice. The South African stock market went plummeting, and the specter of an economic crisis stared the South African Government in the face. Such a crisis, if it had been allowed to happen, would have tipped the scales in favor of the oppressed masses of South Africa—at last there was a strong possibility that they would see freedom. This crisis was not allowed to happen. And it was, among others, America that insured that it would not happen. The slave was to be tied once again, and the broken chains were mended with American dollars. Why? After all, America was one of the countries that had joined in the universal condemnation of the brutal massacre of Sharpeville. Why the contradiction?

For the black man in South Africa, life is one long nightmare of proving that you have obtained the necessary permission to be where you are, and to be doing what you are doing. You need a permit to be in the "white" area of the country, which comprises 87 percent of the land, and is the only place where you can earn a decent living. You need a permit before you can be issued with a railway ticket to travel. You need a permit to visit friends and relatives in a different town, area, or farm from where you live, a permit which states which particular house you are visiting, the purpose of your visit, and the length of time you may stay.

You need a permit to sleep outside "your" area. You need a permit to go to school or university to insure that you get the brand of education the Government considers suitable for you. You need a permit to do a specific kind of job, to go to entertainment or recreation, to be out later than a certain hour at night. You need a permit to have your wife or husband or children with you. You need a permit to love and a permit to marry. In short, you need a permit to prove that your existence is not some terrible mistake.

But then these are precisely the kinds of conditions that capital, forever seeking areas of investment with the highest returns, will take advantage of, or even create. In order to keep labor cheap, it must be kept under the strictest control, so that it can be seen wherever it is needed. The wishes and desires of the people involved are irrelevant, because they are, first and foremost, labor, not people.

No farmer ever asks his cows whether they prefer to suckle their young first before the farmer takes his share of the milk, or whether they prefer to be sold or to stay with him. If you lend your neighbor your wrench, you don't ask the wrench for its opinion.

Besides, a tool or vehicle, or any property that you own and over which you have absolute power, is discarded without any qualms once its usefulness to you has ceased. The automobile dumping grounds that

are dotted all over this country testify to this fact: If you need a new car that will serve you better than your old one, you have to clear your garage to make room for the new one. You have no feelings toward it. You junk it.

There are dumping grounds like these in various parts of South Africa. The difference is that here it is human beings who are dumped; namely, black people who have ceased to be of use to the white man, against whose names in the record books of South Africa must surely be written something very much the equivalent of "junked." The official terminology is "endorsed out." Sechaba, a journal, reproduces a circular of the Department of Bantu Administration of December 12, 1967, in which this junking is explained and defended as follows:

It is accepted Government policy that the Bantu are only temporarily resident in the European areas of the Republic, for as long as they offer their labor there.

As soon as they become, for some reason or other, no longer fit for work or superfluous in the labor market, they are expected to return to their country of origin or to the territory of the national unit where they fit in ethnically if they were not born or bred in the homeland.

The Bantu in the European areas who are normally regarded as nonproductive and as such have to be resettled in the homelands, are conveniently classified as follows:

The aged, the unfit, widows, women with dependent children, and also families who do not qualify . . . for family accommodation in the European urban areas. Bantu on European farms who become superfluous as a result of age, disability or the application of Chapter IV of the Bantu Trust and Land Act, No. 18 of 1936, or Bantu squatters from mission stations and black spots which are being cleared up—professional Bantu such as doctors, attorneys, agents, traders, industrialists, etc.

Such persons are not regarded as essential for the European labor market, and as such they must also be settled in the homelands. . . .

The kind of legislation necessary to maintain this control can only be enforced by continually invading the privacy of those whom you seek to control. The black man, the black woman, and the black child after age 18 have to have on their persons at all times a book—called reference book—which serves as identity card, proof that taxes have been paid, and all the other permits. People have been arrested because they took a few steps from their homes without their reference books, or across the street from their places of work, if they ran across to buy a snack during their work break without their reference books. Some would never be seen again, having been hired out as prison labor to farmers where they have sometimes been assaulted or clubbed to death.

In enforcing this law, the police are required to enter the premises of a black man at any hour of the day or night and demand permits from the occupants—flashlights are shone in the faces of the sleepers while they grope about for their permits. Those who are unfortunate enough to be arrested are not given time to change from their night clothes and they spend the rest of the night in the police van as it goes from house to house in search of new "offenders."

When a special "blitz" is carried out, which is by no means infrequent, armies of policemen scour the townships, waylay train passengers at railway stations as they go to or return from work. If arrested during such a blitz, "the African must endure the humiliating experience of being handcuffed and marched through the city or township for all to see as the policeman goes about collecting new prisoners—

The parade continues until the policeman runs out of handcuffs or decides to quit for the day."¹

Any form of protest against these injustices is taken care of by the gagging laws, some of which we have already referred to. Thus two of the most fundamental human freedoms are taken away; namely, the freedom of movement and the freedom of speech and assembly. Add to this informers bribed with State money to spy against their neighbors, then you can see how even people who have never said a word, and are not aware of having transgressed any law, can find themselves detained for 180 days, while they are interrogated about some information they are supposed to have.

When all these restrictions have been imposed, there is—there has to be—outward calm. Some call it peace. South Africa holds this up to the world as a model of race relations. "This is how it is done," they say. "It," of course, is what we have been talking about all this time. "This is how it is done" really means this is how you insure your super profits by sheer ruthlessness and a destruction of the human values of love, freedom, and justice. We need not be told, one would hope, that the silence that a robber gets after gagging his victim, and the absence of resistance that he gets by tying him up—this is as different from peace as day is from night. It is very much a state of war, for real peace is a state of satisfaction and contentment. It is not dictated by fear or enforced immobility. As long as the voiceless masses seek to be heard, as long as the landless and homeless seek to establish their roots in the soil and to have a place of refuge they can call home, and as long as these things are denied them, so long will the peace of South Africa be a myth which only those with vested interest can maintain, and only the naive and gullible can believe.

When those who live in the house of bondage we have just described point an accusing finger at their immediate oppressor it is inevitable, it is necessary, indeed it is imperative that they accuse with the same vehemence all accomplices in this rape of human justice. The United States of America is one such accomplice. The United States loves the superprofits that come out of this situation of human misery. What, on the official governmental level, she is averse to, is the image that goes with it of an unholy partnership. But it is a partnership, and it is unholy.

The extent of U.S. involvement in South African industry, commerce, mining, production, prospecting, and investments at various levels, simply staggers the imagination. What is, perhaps, more revealing of the true nature and aim of this partnership is the strenuous efforts made by the United States to help South Africa to reach a stage of invulnerability from any possible future economic boycotts. Oil prospecting is a case in point.

I have to state that from this point on the points I will be making concerning South African involvement have been taken largely from *Africa Today*, volume 17, No. 5, September–October 1970.

The search for oil in South Africa is dominated by big names in U.S. oil firms. These include Gulf Oil Corp., Mobil, Atlantic Richfield, American Pacific Petroleum, Argus Oil, Esso Exploration, Inc., Chev-

¹ Ernest Cole, *House of Bondage*, Random House, New York, 1967, p. 42.

ron-Regent, Syracuse Oil Co., and so forth, and, on the refining and marketing levels, Caltex—that is Standard Oil of California and Texaco—Mobil, and Esso.

I shall be quoting from *Africa Today*, the issue and number mentioned, and I shall refer to this simply as *ibid.* and mention the number of the page.

“Both Caltex personnel and the corporation itself openly support South Africa” (*ibid.* p. 19). This American concern for South Africa to become self-sufficient as far as oil supply is concerned is conveyed very eloquently in an advertisement which Caltex placed in some Johannesburg newspapers and magazines: “Ahead of Caltex lie many years of search and perhaps disappointment—or the discovery which will free South Africa for all time from dependence on outside oil supplies” (*ibid.* p. 19).

An official of one U.S. oil company is reported to have said about South Africa: “We couldn’t live here if we weren’t good citizens; therefore we are very law abiding” (*ibid.* p. 20). No wonder, when one considers the superprofits guaranteed for such companies by the policies of apartheid. Mobil alone is reported to have annual sales of about \$162 million, and it controls about 25 percent of oil refining and marketing.

The American motor industry empire in South Africa is represented by General Motors, Ford, Chrysler, and Kaiser Jeep. Evidence of the presence of these companies in South Africa is all around for all to see, the extent of their operations and their domination of the auto industry in South Africa. GM, for example, has a total of at least \$125 million invested, plus a lion’s share of the market. GM, Ford, and Chrysler are all involved in a certain amount of recruitment of white skilled labor from overseas.

Regarding trade unions for blacks, the position taken by Ford and Chrysler is not only conservative in the highest degree, but it is revealingly paternalistic. A Ford official is reported to have said, in this respect, that “over the years the master-servant relationship has been a good one” (*ibid.* p. 35).

The statement attributed to an official of the Chrysler Corp. is so condescending in its attitude to the blacks it could have been made by a Bantu affairs commissioner or similar apartheid promoter. He says of the African worker, “To him the concept that he is going to sit down at a table and bargain with the employer is a very foreign one. He accepts the white man as his guardian” (*ibid.* p. 36). This is the kind of arrogance that is hard to conceive from a man whose country, in his home country, probably takes pride in being “an equal opportunity employer.” He disqualifies the African worker from a crucial right—the right to bargain with his employer—by casually declaring him incapable, even unwilling, to exercise that right. The South African Government couldn’t do a better job of defending their policies.

Ford insures that South Africa will not mistake its political stand by saying to the world, “Give them (that is, the South African Government) an opportunity to expand their philosophy of sending Bantu back to their homelands * * *” (*ibid.* pp. 35–36). Ford therefore supports the “dumping ground” approach to the question what to do with the “redundant Bantu.” GM, on the other hand, must remain unparal-

leled in its application of its own little job reservation where exemption by the Industrial Tribunal had made this unnecessary.

Africa Today reports that: "In 1968, GM like other Eastern Cape auto producers, received exemptions from certain job reservation laws. The company now maintains an agreement with the white union to prevent encroachment by nonwhites into certain better-paying supervisory and control jobs."

The giant American business octopus has its arms around other South African concerns also. The South African rubber industry can proudly count such names as Firestone, Goodyear Tire & Rubber Co., General Tire & Rubber Co., and Uniroyal among its American friends. Often when the mining industry of South Africa is mentioned, gold is the one metal that comes into one's mind. But there are many other minerals mined in South Africa, and this diversification of mining operations coincides with a comparable spread of American involvement.

These other mining operations include aluminum, antimony, asbestos, chromium, manganese, corundum, lithium, and platinum. Here we find the following American companies, among others: Union Carbide, Eastern Stainless Steel of America, U.S. Steel Corporation, American Metal Climax, King Resources, Kaiser Aluminum, and so forth. Union Carbide "provides training for South African whites in the United States"—*ibid.* p. 21.

Then there is banking, with loan arrangements that can be swiftly geared into action to cope with emergencies such as the post-Sharpeville economic crisis. Here again names familiar in the U.S. financial world are found: Chase Manhattan Bank, Chemical Bank of New York, First National City Bank, and so forth.

Nor can we ignore the operations of tycoons such as the late Charles W. Engelhard. The oft-used excuse that private American investors in South Africa do not reflect official policy is belied by the unofficial ambassador status that the multimillionaire Engelhard carried with him to the ends of his financial empire. In fact, the official duties he was given from time to time, as well as the offer of an ambassadorship to France—even though it did not materialize—these are indications of the extent to which he was considered to be serving his country, a kind of reward for his services.

Yet this same Engelhard sat on the Boards of the Witwatersrand Native Labor Association and the Native Recruiting Corp., both of which are involved in the vigorous recruiting of cheap black labor for the gold mines of the Witwatersrand. This same Engelhard was, as stated in Africa Today, "viewed by many as the savior of the post-Sharpeville economy when, as capital fled the country, he arranged a \$30 million loan in the United States.

"In the words of the Anglo-American Corp., 'In difficult times, when South Africa was badly in need of capital, Engelhard played a vital and significant role in helping to bring it in from abroad. He thus not only restored confidence in the country's economy, but actively assisted in boosting it.'" (*ibid.* p. 27). It is this same Engelhard who commented on South African Prime Minister Vorster's policy statement about apartheid: "The policy of South Africa as expressed by the new Prime

Minister is as much in the interests of South Africa as anything I can think of or suggest. I am not a South African, but there is nothing I would do better or differently" (ibid. p. 27).

From time to time, U.S. corporations have felt the need, when challenged, to defend their presence in South Africa. Some have, in various statements, some of which have been quoted above, as good as said, "We love apartheid, we support it, it is good for us." "Africa Report" refers to a "U.S. News & World Report" poll of American businessmen in South Africa which indicated, inter alia, that 40 percent of them would vote for the ruling Nationalist Party if they were eligible. (p. 2). Those who do not support this stand have used various excuses, most of which either expressly state the companies' abhorrence of apartheid, or strongly imply such a condemnation.

From this point there is a divergence: Some take the position that, much as they hate apartheid, business is business, and it would be unreasonable to expect them to forego an investment area with rich returns on a question of morality. Others accept a moral responsibility and then go on to demonstrate how American business presence, and its expansion of the South African economy, will force a reversal of apartheid by creating a manpower crisis. They point to the job reservation exemptions that have been given to some businesses in dire need of manpower and say, if such crises are made to occur in ever-increasing volume, there is bound to be a change. Today one even hears of companies undertaking to set measures afoot to change apartheid from within. Polaroid is a case in point.

Let us examine these positions one at a time. The apartheid supporters, of course, fall beyond the pale of our discussion at this point, except to comment that, by its presence in South Africa, American business has given apartheid that many more apologists.

Those who plead that business knows no morality, and that it simply goes where it will find the greatest profits, must yet take their share of the blame when the forces of liberation clash head on with the forces of reaction which perpetuate the misery of the black man and the profits of America. If you rob a beehive, you must expect to be stung.

The kindest thing that one can say about the supporters of involvement of a scale that will bring about a manpower crisis is that they are naive beyond belief. What are exemptions from the provisions of job reservation worth in relation to the fight for liberation? Admittedly more Africans would get more and better jobs. But in what way does this change the basic ideology that the African is a foreigner in 87 percent of the land and has no right to political representation there? In what way does it protect him from being dumped when he becomes "redundant" either through age or by reason of health or accident?

In what way does it help to end the separation of families through migrant labor when the young men earning those high wages cannot have their wives and children with them? In what way does it help to remove the onerous and hated pass laws which are the cornerstone of apartheid? And so on and so forth. Let us simply add that an exemption, like an exception, only helps to prove the rule. When the cause

of the exemption no longer exists, the exemption is withdrawn and you are right where you started—a slave without human rights; in fact, you have never moved away from this status.

We have to be very kind again to those who promise to change the situation from within, and say of them too that they are terribly naive. There are many rhetorical questions one can ask in this connection. For example, how does an American company even begin to tackle the problem of the landlessness and homelessness of the African? How does it deal with the Group Areas Act, the Bantu Education Act, the University Education Extension Act, the Separate Amenities Act, the Terrorism Act, et cetera, et cetera? It would be laughable if it were not so tragic.

It is noteworthy that none of the companies whose consciences bother them even mentions the possibility of withdrawing their financial interests from South Africa. Yet the oppressed people of South Africa who are seriously engaged in the liberatory struggle demand withdrawal and more. They see U.S. business as being morally obliged to support this struggle rather than hinder it. After all, the United States is not hindering the liberation of the black man only through its economic endorsement of apartheid, but in more active ways as well.

"Africa Today" states (p. 33) that "In spite of the professed U.S. support for a United Nations arms embargo against South Africa, General Motors, Ford, Chrysler, and Kaiser Jeep have been helping to build up South Africa's military potential;" and, further (p. 36) that "Kaiser Jeep is the world's largest manufacturer of tactical military vehicles, and the South African subsidiary has been cited as distributing military vehicles identical to those Kaiser sold to the U.S. for use in Vietnam. The Kaiser official who revealed this information cited the fact that the vehicle parts had been cleared by the Commerce Department under the Export Control Act for shipment to South Africa."

The United States at this time has a considerable bulk of stocks in South Africa, as well as men and their families. It is, therefore, not inconceivable that when the liberatory forces enter South Africa the United States Marines will be flown to that country to protect Americans and American property.

Let me end by reiterating the appeal to the United States to support the liberatory struggles of southern Africa.

Thank you, Mr. Chairman.

Mr. Diggs. I thank the gentleman for his very enlightening testimony.

I would defer questions at this point to yield to a new member of the subcommittee who was recently assigned and I believe this is the first time he has had an opportunity to be present at our hearings. We certainly would like to welcome him to this subcommittee. The gentleman's record in many areas of human concern would indicate that he has an abiding interest in this subject.

The gentleman from Pennsylvania, Mr. Yatron.

Mr. YATRON. Thank you very much, Chairman Diggs.

Doctor, I want to commend you very much on your very fine presentation. You have given us some enlightenment as to what goes on in South Africa. I am really appalled at the discrimination that is practiced in South Africa. I was not aware that it was to this degree.

When you speak about having to have a permit to be in the white area or to be on the railroad or to visit a friend, who issues these permits, the government of the particular country in South Africa, or does this exist in all countries in South Africa?

Mr. KUNENE. I am not sure what you mean by all countries because South Africa is just one country.

Mr. YATRON. Well, for instance, Libia, for example.

Mr. KUNENE. This would be South Africa only. I am talking about South Africa—

Mr. DIGGS. If the gentleman will yield, the Republic of South Africa is many countries, in a sense, because it is so compartmentalized. Go right ahead.

Mr. KUNENE. The permits, of course, are issued by the governmental authorities. There are Bantu affairs commissioners, white officials over a department that takes care exclusively of matters affecting black people. "Bantu" is the official term for "black person" in South Africa and it is through them that permits for these various things are issued, and they have to follow certain definite laws and instructions whom they have to give the permit to, for what purpose, and whom to deny the permit.

Mr. YATRON. Well, you spoke of the reference book that the black people must carry. You say a policeman will knock on anyone's door at any time of day or night. Are these people black or white or of another color?

Mr. KUNENE. There are black policemen, there are white policemen, there are colored policemen—colored in the South African sense. I mean of mixed blood.

Now in raids of this kind both black and white policemen would be involved and sometimes the blacks would be more evident than the whites, but they would also very often be more vicious than the white policemen.

Mr. YATRON. Well, you spoke of the American companies doing business in South Africa; for example, Gulf and Mobil Oil, who I believe you stated had a \$162 million profit—Mobil Oil had. Could they not do something to help change this way of life in South Africa? Or what could they do? What would you recommend they do? What can we as members of Congress do to be helpful?

Mr. KUNENE. Well, I stated I think toward the end of my presentation that what the liberatory movements of the black people are demanding as the only contribution that would be of significance to South Africa is withdrawal of these companies and these investments from South Africa. I added that in fact these movements ask for more. In exactly the same way as profits have been used to entrench apartheid, this system that oppresses the black man, there is no reason why, if America has its heart in the right place, similar contributions should not be made toward the liberation of South Africa by accredited liberation movements.

Mr. YATRON. I have one final question. Did I understand you to say that the black man does not have a right to hold public office in South Africa?

Mr. KUNENE. I don't remember making that statement. I don't think I did, but it depends on the public office. You see, there are Bantustans. Let me put it this way. One has to think of South Africa as by

law having been divided into two major portions, the black and the white. The blacks are restricted to what are called Bantustans which comprise 13 percent of the surface of South Africa, who yet are approximately 15 million in number, and the white area of South Africa is 87 percent for what are approximately at the most about 4 million people. This I think makes it possible for me to mention this very important aspect of this separation, of this creation of the Bantustans; namely, that the Bantustans are so small in area and so poor in minerals and so on that they cannot conceivably support the people who are supposed to qualify to live there and to have every political freedom that they wish there.

The Bantustans are supposed to be places where eventually the Africans will have their complete independence, they will vote and get their prime ministers, et cetera. But the bulk of the black people still have to live in the 87 percent of the land because that is where they can make their living, but because they have been given the Bantustans they are told that they cannot have political rights in 87 percent of the land because there they are foreigners. And therefore by this kind of trickery which is very ineffectually veiled, by a deception, the majority of the black people in South Africa are excluded from political participation.

Now in a Bantustan you do have blacks holding office. You have, for instance, in the Transkei Chief Kaiser Matanzima who is the "prime minister." I don't think this is exactly the term used but he is the head of the legislative body of the Transkei. But you cannot have this situation in the 87 percent of the land where the majority of the Africans live, and by all estimates will live—and there will be even more of them—by the end of this century, regardless of what the Government's policy is.

Mr. YATRON. Thank you very much.

Mr. DIGGS. Doctor, you are now at the University of Wisconsin, is that correct?

Mr. KUNENE. Yes, that is correct.

Mr. DIGGS. When is the last time you were in South Africa?

Mr. KUNENE. The last time I was in South Africa was in 1963.

Mr. DIGGS. And under what circumstances did you leave your native country?

Mr. KUNENE. Well, I was at that time a lecturer at the University of Cape Town and I got a sabbatical and got a passport to leave through the intervention of the University of Cape Town and it was during the time of my sabbatical that I resigned from my job in Cape Town.

Mr. DIGGS. Have you attempted to return since that time?

Mr. KUNENE. No, I have had no desire to return.

Mr. DIGGS. While you were there were you arrested for any violations of any of these pass laws or any of these other statutes that especially control the life of black people?

Mr. KUNENE. No, I have never been personally arrested, but I had my pass.

Mr. DIGGS. Are any members of your family still there?

Mr. KUNENE. I have relatives. I have brothers and sisters and cousins and so on.

Mr. Diggs. Do you have any knowledge of what has happened to them since you have been here? Has there been any retributions against them because of the expressions that you may have made or actions that you may have taken?

Mr. KUNENE. No, so far I don't know of any such.

Mr. Diggs. I think the gentleman from Pennsylvania, Mr. Yatron, really put his finger on the core of the problem and that is your recitation of the conditions under which people live. There is an appalling aspect of life in South Africa that is oftentimes overlooked in testimony. We use slogans like "Communication Versus Isolation"; we talk glibly about whether we should encourage or discourage American private investment in South Africa; we talk about not interfering with the internal problems of a sovereign nation; we talk about everything except the conditions under which people of black skin live in that country.

The gentleman's testimony here today graphically illustrates the immensity of this whole diabolical problem and the complicity of American private enterprise in this system, because as he has so well documented, it is an integral important part of the economy of that nation.

Doctor, when the representative of the Polaroid Co. appeared before the subcommittee last week he stated that when the committee went over to South Africa to examine the situation or to explore the feasibility which resulted in the Polaroid experiment, that they talked to many black South Africans who encouraged them to stay based upon the premise that despite all of these problems jobs were at stake and it is far better to try to provide some jobs or try to provide some job opportunity or upgrading opportunity than to pull out altogether.

Based upon your personal experiences in South Africa, with whom would the gentleman be discussing the matters? Would he have free access to discuss a matter of this kind with the man in the street or would he have had to have spoken to some special people that may have not been reflective of black public opinion in that country?

Mr. KUNENE. Thank you, Mr. Chairman. I think this is a very important question indeed because to begin with I think in answering this question I should begin by stating that all political organizations of blacks in South Africa have been banned and their leaders are either in jail or in exile, so it is inconceivable that anybody in South Africa at this stage could purport to speak on behalf of any sizable group of people in South Africa.

Now assuming then that whoever Polaroid representatives talked to in South Africa were merely individuals, I would say—well, of course, if I have a good job and somebody asks me, "What would you say if we took away the conditions that made this job possible for you," I would say, "Well, I would be sorry," but then I would be talking for myself.

Now on the other hand, another thing that we have to remember, and I mentioned this toward the end of my presentation, is, it is difficult to talk freely in South Africa because you don't know who you are talking to and what would happen to you, particularly in a situation where a strange white man comes along to an African and asks him questions concerning the policy of the country. He is immediately suspicious, he

is immediately on guard and you can very seldom, hardly ever, trust his response under those circumstances. Therefore, I would not lay any importance on the answer that Polaroid got. I don't know if the gentleman said whom he talked to, but certainly under these circumstances where talking your mind out in South Africa is completely out of the question, I would not lay any importance on that.

Mr. DIGGS. It has been stated that if the United States would withdraw its private interests from South Africa that it would have little or no effect, that first of all these industries would be replaced by foreign economic interests from other areas, that our investment there is not all that important—certainly not important enough to make any changes in the apartheid system which you have so graphically described here.

Do you accept that premise?

Mr. KUNENE. I don't at all. No. 1, it is quite clear, I think, that quite apart from the tremendous amount of financial involvement of America in South Africa, which in fact would hurt—it would hurt, there is no doubt about that—but there is also the image that goes with it, the prestige that South Africa gets from having America as one of its allies. I heard of one political prisoner, a leader, a political leader on Robben Island who was told by a prison guard, "You better forget about these ideas of freedom, we have powerful allies; we have the United States." He was told that by a prison guard.

Now I think the whole thing is not just the physical thing, the withdrawal of the money, which as I say would be very important, but the psychological effect of this I think would be a great contribution to us in the liberatory struggle.

Mr. DIGGS. You mentioned finally in your last paragraph where you reiterated an appeal to the United States to support the liberation struggles of Southern Africa. Again partially referring to the question by the gentleman on my right from Pennsylvania, what can the United States do to contribute to the liberation struggle? Obviously we are not going to become involved in any violent attempt to overthrow the government, we are not going to make any troop commitments there or anything like that, but what can we do to assist the liberation struggle short of contributing some kind of military assistance?

Mr. KUNENE. Well, sir, I think I should begin by reiterating the importance of withdrawal to begin with because I see it as a contradiction if the United States would—I can't conceive of it right now—but if the United States would give some money to the guerrilla fighters, for example, through the organizations, to help them to penetrate into South Africa while the United States has its investment in South Africa, that this would be a contradiction.

So it seems to me that the first imperative would be for the United States to withdraw, and once they are withdrawn then I think it would facilitate their involvement with the liberation movement. I think the supply of cash would be the only way that could not be construed as supporting military insurgence because the cash would be used by the movements as they saw fit. I mean one would not—even though, really, when we come to it, why not give them the arms? After all, here is a human situation where human beings have been oppressed, they have been in slavery, an unofficial slavery, for centuries and

through their slavery the United States has made the profits that they have.

If there is anything at all in the statements of concern by the United States. I think it is not too extreme, it is not unreasonable to expect even military assistance. After all, again military assistance direct or indirect has been given to the people who are oppressing the blacks of South Africa and if the situation changes and there is concern for the people who are fighting for liberation I would go so far as to say, why not even military support? But I would say again that money is badly needed and that could be used in any way by the militants.

Mr. DIGGS. Mr. Whalley?

Mr. WHALLEY. Thank you, Mr. Chairman.

Mr. Chairman, I would have liked to have been here for the entire meeting but the three subcommittees of the Foreign Affairs Committee are having meetings between 2 and 3 p.m. today and I just come from one meeting and I have another to attend.

Professor, you say you were born and raised in South Africa.

Mr. KUNENE. Yes.

Mr. WHALLEY. How many years did you live there?

Mr. KUNENE. Well, for 40 years.

Mr. WHALLEY. Then you are familiar with the conditions in the country.

Mr. KUNENE. Yes.

Mr. WHALLEY. I think you must know that most of us are against what is going on there. The chairman pretty much took the question that I was going to ask you. What would you personally suggest to get the results that you have in mind?

What are the things that the people want most? Do they want better living conditions, do they want better jobs or do they want the whole system thrown out?

Mr. KUNENE. The basic thing in South Africa is that the black people do not have a voice in decisionmaking in the country. I think better jobs, better this, better that—all these are minor things. These are the little things that you hand out to make your labor more satisfied and so on and so forth, but what the people want is to be involved in the decisionmaking bodies of the country.

Mr. WHALLEY. There seems to be one major idea in mind and that is to get rid of the whole system; is that the idea?

Mr. KUNENE. Not get rid of the system but reform it, transform it in such a way that there will be representation for everybody in the country.

Mr. WHALLEY. Do you know how many countries have investments in Africa besides the United States?

Mr. KUNENE. Well, I don't know the exact number. I know England is involved, France is involved. I don't know—there must be others.

Mr. WHALLEY. Is the United States the No. 1 nation so far as investments?

Mr. KUNENE. Not in terms of volume. England is No. 1.

Mr. WHALLEY. Are these countries doing anything more than the United States is doing or should there be a united effort?

Mr. KUNENE. Could it be a united effort?

Mr. WHALLEY. Yes; by businesses from the different countries combined.

Mr. KUNENE. Well, I don't know. Of course from my point of view if it were to be such a joint effort, I would be most happy because the volume of the effort would certainly be greater, the impact on South Africa would be stronger and so on. If you are asking me whether it is possible for this to be or not, I don't know.

Mr. WHALLEY. I think the Polaroid people said a week ago that they were volunteering \$125,000 for scholarships to educate 2,500 people through high school and college. Do you think this is a step in the right direction?

Mr. KUNENE. In South Africa there is education for people and education for blacks by law, and all that Polaroid can do is see that more blacks get education for blacks rather than real education. Education for blacks is meant, among other things, to teach the blacks to accept their place in society. This is called Bantu education and for the universities it came under the so-called University Education Extension Act.

Mr. WHALLEY. Suppose all outside industry in South Africa would do the same thing as Polaroid, would that be of much assistance? In other words, if Polaroid could give \$125,000, suppose Chrysler and General Motors and Gulf Oil and all the companies that were there could join in that movement.

Mr. KUNENE. Sir, what I am saying is this: that I can't see Polaroid or any company that is involved in South Africa changing the laws. I don't see how Polaroid, for instance, can open the doors of Cape Town University for the blacks to go there where they have been excluded since 1960 or the university in Johannesburg or Durban and so on. So if they spend their money on educating more blacks, as I said earlier they are just helping to get more of them in these propaganda institutions. Africans can't have houses in the urban areas so if you want to improve your house, if that is your greatest desire, you don't have a house to improve. I just don't see what it would change basically.

Mr. WHALLEY. Thank you, Mr. Chairman.

Mr. DIGGS. I want to thank the gentleman for his candidness and his courageous testimony here this morning.

Mr. KUNENE. Thank you.

Mr. DIGGS. Rev. Leon Howard Sullivan is a member of the board of directors of General Motors. I have a three page résumé of his biographical data that reflects a very distinguished career in the ministry, in business, in government, in the private enterprise sector, much of which is well known to those that are here. Without objection this data will be placed in the record at this point.

Mr. DIGGS. Reverend Sullivan.

STATEMENT OF REV. LEON HOWARD SULLIVAN, BOARD OF DIRECTORS, GENERAL MOTORS CORP.

BIOGRAPHY

Born: October 16, 1922, Charleston, W. Va.

Address: 6825 Milton Street, Philadelphia, Pa. 19119.

Title: Pastor, Zion Baptist Church, 1401 West Venango Street, Philadelphia, Pa. 19140.

Education:

West Virginia State College

Union Theological Seminary, N.Y.C.

Columbia University, N.Y.C.

Degrees:

Bachelor of Arts—West Virginia State College.
 Master of Arts (Religion)—Columbia University.
 Doctor of Divinity—Virginia Union University, Dartmouth College.
 Doctor of Humanities—West Virginia State College.
 Doctor of Human Letters—Delaware State College.
 Doctor of Social Sciences—Villanova University.
 Doctor of Laws—Beaver College; Swarthmore College; Bowdoin College.
 Doctor of Education—Judson College.
 Doctor of Humanities—Lincoln University.

Awards:

1955—One of the Ten Outstanding Young Men in America; Outstanding Young Man of Philadelphia.
 1956—City of Philadelphia—Good Citizenship Award; Afro American Achievement Award.
 1957—Silver Beaver Award by the Boy Scouts of America.
 1958—Outstanding Alumnus Award by West Virginia State College.
 1960—Freedom Foundation Award.
 1963—Russwurm Award (Awarded annually to ten outstanding Negroes of the Year) by the National Publishers Association.
 1964—Philadelphia Fellowship Commission Award.
 1966—Philadelphia Bok Award (Awarded annually to outstanding Philadelphia Citizen.)
 1967—William Penn Award. International Employment Services Award.
 1968—Edwin T. Dalberg Peace Award.

In 1963 Reverend Sullivan was cited by Life Magazine as one of the 100 Outstanding Young Adults in the United States.

Since his coming to Philadelphia in 1950, the membership of the Zion Baptist Church has grown from 600 to 5,000. The activities of the Church include a Day Care Center, Federal Credit Union, Community Center Program for Youth and Adult Activities, Employment Agency, Adult Education Reading Classes, Numerous Athletic Teams, Choral Groups and Family Counseling Service. In 1960 he founded the Zion Home for the Retired, one of the finest institutions for the care of the aged in Pennsylvania. The Zion Baptist Church has completed development of a Million Dollar Garden Apartment Complex, the first of its kind in the east, and is now engaged in building a \$1.7 Million Dollar Shopping, the largest Shopping Center built, owned and operated by colored people in America.

Reverend Sullivan is Founder and Chairman of the Board of Directors of the Opportunities Industrialization Centers of America, a program sponsoring training and retraining on a massive scale . . . the first program of its kind in the history of the United States. The program has since spread to seventy-five cities across America and is being developed in several foreign countries.

He has recently founded Progress Aerospace Enterprises, Inc., a large industrial development to involve Africa Americans in the Aerospace Industry. In this program Reverend Sullivan has designed it in such a way that profits will accrue not only back to investors, but a majority of the profits will flow back into the community to assist in educational and scholarship benefits. The Progress Aerospace Enterprises (PAE) is perhaps the first sizeable aerospace community, self-help enterprise owned and administered by colored people in the country.

Reverend Sullivan is married to the former Miss Grace Banks; they have three children: Son, Howard; Daughters, Julie and Hope.

Reverend SULLIVAN. Mr. Chairman, distinguished members of this committee and my colleagues from the Commonwealth of Pennsylvania, I am honored to have this opportunity to express my views before this Subcommittee on Africa.

Apartheid must come to an end. There is a tide sweeping across the world and that tide is sweeping in the direction of freedom and liberty and opportunity and not in the direction of segregation, discrimination, or apartheid. Apartheid is the most inhuman practice against people we know of in the world today. Apartheid means division of all kinds—physical, economic, political, psychological, and religious. This system has to be ended and I want to see America take the lead in the

world in ending it. This can primarily be done as I see it by economic means.

Being a Baptist preacher I know to save a soul you take away the sin. To rid the world of apartheid you take away its profits. To hit apartheid where it hurts you must hit it in the pocketbook. There are 300 American based businesses involved directly and indirectly in the Union of South Africa. One-third of the productivity in the Union of South Africa could be traced in some part, large or small, to American business investment and development and production on either a large or a small scale.

I think it would be well to acknowledge at this point that I not only come before this committee to voice my opinion and that of the opportunities of industrialization centers with programs in 100 cities across America and with programs in Nigeria and in Ghana and developing in other parts of Africa, but I am here expressing the consensus of much, much of the American public and I might add the unanimous convictions to my knowledge of our African-American population.

Also before I begin to state more fully my views concerning South Africa and the American practice and policy towards this section of the African Continent, all of us here today must understand very clearly that we Americans of African descent are concerned not only talking about South Africa but are determined to play a major role in shaping, influencing, and developing a more effective and positive and a new United States policy towards South Africa and the black Continent of Africa; a policy that will be mutually and equally beneficial to both countries.

I am sure we are all aware of the growing expression on the part of black America as it relates to America's international policies, more particularly its policy towards South Africa, Sazania, as well as the total dark continent. With this increasing identification I am here today and I will be back tomorrow and the day after to make certain that our views are heard and one day implemented as best they can be implemented considering all factors that will prevail.

In discussing South Africa and the South African situation I should also state that my concerns are not just emotional ones. Even though we are truly and deeply emotional over what is happening in this unhappy part of Africa we are equally concerned from a pragmatic and a very realistic, democratic point of view raised in this country. We as black Americans and Americans generally have been taught all our lives and even now that democracy is the best form of government and it is based on the principles that a pluralistic society and a democratic setting is based on the concept of majority rule guaranteeing the interest and development of the minorities.

We have been taught that democracy is based on representative government, the concept and practice that citizens through the right to vote one-man one-vote, but voice their concern informing the institutions and personalities that govern. In other words, we were taught that a democratic society equally looks after the well-being and pursuit of happiness of all its peoples. May I add we have been taught that these principles were universal truthties that apply not only to America but must one day apply throughout the world embracing all mankind.

Now I am certain that all you gentlemen here today and the larger American communities would agree with this general and brief description of democracy as stated above. If this is so, why is it necessary for us today in this year of 1971, 195 years after independence, to be sitting here debating what form of policies we shall have toward the undemocratic regime of South Africa that is the antithesis of everything that democracy in America stands for? What we should be doing at this point in history is implementing ideas to assist the people of southern Africa toward their liberation, their political and economic freedom.

We don't mean necessarily through dialog as seems so popular in our many quarters. What we should be implementing here today is how we as a democratic nation can create active ways of assisting efforts to free not only South Africa but Rhodesia, Oudtwistok, Angola, Mozambique. We may look at our simple but basic description of what democracy is on one hand and compare it with what is at work in South Africa. We can see without a doubt that nothing resembling democracy and justice exists in this section of Africa. The continent that is the origin of 30 million African-Americans like myself where I am an African-American and I am speaking here out of concern for my black brothers in high land of heritage. I speak out for them as a voice in the wilderness believing that perhaps somehow the echos will be heard.

The racial discrimination practice pervades every aspect of South African life. Out of a total population of 19 million people there are four blacks to every one nonblack, yet the blacks have no say in or direct involvement in Government. The governing white supremacy National Party has made it a clear determination to pursue a policy of apartheid. The Africans who play a major role in the country's labor force providing nearly all farm labor, 90 percent of mine workers, 75 percent of the manufacturing labor force, and a major portion of public service employees are barred from not only governing their own country but from ever participation in any way except there is what I call slave laborers.

Presently the so-called Government of South Africa is attempting to realize its policy of apartheid by forcibly restricting 68 percent of the South African population to 14 percent of the land and the land of 19 million people totally controlled and governed in a Fascist dictatorial manner by a small alien minority of 3 million. Can you call this even the semblance of the beginning of the democracy we espouse and hope to preach around the world at all, much less at its best?

If this is what you call democracy and this is what the United States and government and industry can stand for and support, this is what we want to see continue, we as believers in democracy, we as American citizens, we as black Americans proud of our African heritage must state here loud and clear that we cannot and will not tolerate this policy of supporting and encouraging this minority rule over a majority who are our brothers from our land of heritage. We cannot in all honesty, committed to the basic principles of democracy, acknowledge and support continuing American involvement, whether it be government or private enterprise of this undemocratic situation in southern Africa.

Now many people continue to say that if the U.S. Government and businesses would put ours in Africa, this would hurt the African people of that part of the continent. Well, let me speak to that voice. My brothers and sisters in Africa say that they disagree with this utterance. These are just the voices of those who want to continue doing business as usual and maintaining the status quo. If you say we should be thinskinmed and support doing business as usual because a few men and women have jobs out of the ordinary, it is like supporting a black man with a job making hotdogs at a segregated lunch counter.

We know that the only successful way in bringing about the downfall of the undemocratic regime of South Africa is to weaken its economic foundation, to hit apartheid where it hurts most, hit it in the pocketbook. We know from experience that a man cannot live by bread alone. We know that spiritual food, food of dignity, is just as important as those essentials provided by economic activity.

We, like our African brothers, are willing to suffer by having the United States and other Western countries impose a complete and total embargo against South Africa. We know that our brothers can suffer no more than they are suffering now, and in the case of Polaroid it is like putting an adhesive tape on a cancer. You don't solve cancers with pieces of adhesive tape, you solve them by getting rid of the seeds of the cancer.

Today you hear many people talking about a dialog with the minority government. You hear many people talk about a dialog with the minority Government of South Africa. We believe in dialog, too, if it is a dialog of silence toward white minority government rule. We believe in dialog as the American people tells their Government to sever all its relationships with this dictatorial minority-ruled government. We believe in dialog if it means the shareholders of the big U.S. corporate investors in South Africa telling their boards of directors that they must cease any economic transactions with the unrepresentive government of apartheid.

Yes, let's have a dialog but let it be a dialog in the spirit of America and dialog of democracy—dialog of one man, one vote. If the present South African Government wants to continue relations or have a dialog with America, governmental and political, in my opinion and view they must accomplish the following with all considerable dispatch.

1. Do away with the need for blacks carrying identification cards.
2. Take down all the restricted "black only," "white only," "color only" signs throughout the country.
3. Grant freedom of movement for African peoples throughout the country of South Africa.
4. Grant the African people equal wage for equal work.
5. Grant the black population the right to vote and hold government of apartheid.

These are the five elemental requests. They can be done almost overnight for all you need to do to remove the signs is to use a screwdriver. But until this is done I recommend to this distinguished committee the following course of action for a needed implementation.

First, that the U.S. Government support the U.N. that has already made a pronouncement on this matter and the Organization of African Unity resolution of economic and military embargo of South Africa and that the United States should encourage its allies to do likewise, especially Britain, Germany, France, and Japan.

Second, that the U.S. Government would break all diplomatic relations with South Africa, all of it, withdraw its ambassadors and official representatives and insist that American industry follow suit.

Third, that the United States withdraw all its economic and political dealings with the Portugese Government which is suppressing the liberation and aspiration of the people of Angola and Mozambique.

Fourth, the U.S. Government through the Organization of African Unity, OAU, and by lateral agreement with African countries provide more financial and technical assistance to help bring equality and opportunity and education for the black and colored peoples in southern Africa.

Fifth, that the U.S. Government and private industry assist the total continent in speeding up its economic and social development by extending larger and more generous provisions of aid to Africa and principally black Africa and succinctly the development hopefully of a sensible democratic free South Africa and that the U.S. Government and private enterprises begin to support and encourage larger African-American involvement in the African Continent.

We believe that these steps are needed to change the situation in Africa, in southern Africa and in all of Africa—the change which we feel in the long run will be to the advantage of America and to the whole world as we strive for universal peace. I want to see, Mr. Chairman, the American flag fly for liberty around the world again. I want my black brothers and sisters in South Africa to be free. I am aware that in speaking as I do I lose strong friends who perhaps will not support my work in the future but I cannot keep quiet in a day like this if I believe in my destiny. And if I have faith in the potential of the black man, my conscience will not permit me to be silent whatever my loss might be and the loss to my programs, for God will take care of me and my work.

Finally, as brother Congressman Diggs, whom I admire, has adequately expressed in many of his reports on Africa, there is a need for America to take stronger and more supportive efforts on the Continent of Africa. We now think that the U.S. Government and businesses should interest themselves in what they consider the large and major interests of the continent. If we are truly concerned with democracy and stability of the awakening giant Africa, we must also be equally concerned with the development of the smaller nations which do not have a viable economic means of surviving on their own.

As we know, one of the largest problems of peace not only in Africa but throughout the world is economic stability, and I think that we can all agree here today that many of the smaller nations are in a more desperate situation than other African nations that are larger. Therefore, we are also requesting that the U.S. Government as well as American industry begin to seek ways in which they can assist the smaller nations of Africa as well as the larger and more profitable ones.

Again I thank all of you for having this opportunity to address this important hearing because, believe it or not, it will hurt me more than it will you when I leave this room and go out in this country.

But I have spoken what I have spoken because it is all I can say. I must speak, and perhaps I will start a ripple that will make a wave that will make a tide that will make a change for my brothers in southern Africa.

Thank you. You ought to give me a hand for that, I think it was a good speech. [Applause.]

Mr. DIGGS. The doors of the church are open, Reverend.

I yield to the gentleman from Pennsylvania.

Mr. WHALLEY. Mr. Chairman, first of all we have a bell. Second, the statement was so clear that I would not know what in the world questions to ask.

Thank you, Mr. Chairman.

Mr. DIGGS. Mr. Yatron.

Mr. YATRON. I can only say ditto and welcome, Pastor and Dr. Sullivan. I am very happy to hear you today. As my colleague said, there is a rollcall.

Reverend SULLIVAN. The Lord saved me from questions.

Mr. YATRON. It is going to help us, it is going to be a help on a District of Columbia bill so we have to go—a District of Columbia amendment.

Mr. DIGGS. Dr. Sullivan, have you been to South Africa?

Reverend SULLIVAN. No, I have not.

Mr. DIGGS. You have been to Africa?

Reverend SULLIVAN. I have been to Africa. We have programs in Nigeria and Ghana and I will be going again in the next several weeks.

Mr. DIGGS. Do you have any plans to visit South Africa? Have you applied for a visa?

Reverend SULLIVAN. I am not so sure they want me in there. I have not applied for a visa, no.

Mr. DIGGS. What part of your testimony here reflects the views of the General Motors' board of directors?

Reverend SULLIVAN. I do not speak as a member of General Motors' board on this occasion, I speak as an individual citizen, pastor of Zion Baptist Church and a leader of the OIC movement of this country.

Mr. DIGGS. Are you at liberty to say why we have not been able to get General Motors to officially testify not only before this subcommittee but before my predecessor chairman and before at least one other subcommittee of the Foreign Affairs Committee that has been attempting to get them to respond to questions or to outline their policies?

Reverend SULLIVAN. No, I would not be able to speak to that. I have been a member of the General Motors' board for 4 months. The board of General Motors Co. is well aware of my position with respect to the Union of South Africa because I have expressed it consistently in board rooms and out. Prior to my involvement with the General Motors Co. it was clear to my community, my position with respect to the Union of South Africa. What the position of General Motors before your committee would be, I would have no knowledge or opinion on that.

Mr. DIGGS. Are you at liberty to say whether or not you are encouraged or discouraged by your dialog with other members of the GM family on this question?

Reverend SULLIVAN. Strangely enough, I am pleased to say there has been an unusual kind of interest in my opinions among several members of the board of General Motors; encouraging not in terms of definitive position of change but in listening and trying to under-

stand. If I can break a hole in the dike, I might be able to find the water. I have only been able to try to find a hole but at least I am working on trying to find the hole.

Mr. DIGGS. It is our understanding that General Motors is looking with a great deal of interest to the results of the Polariod experiment. Are you at liberty to say whether or not that is your observation?

Reverend SULLIVAN. I would not be at liberty to indicate an opinion for the General Motors board because in my position here today I am speaking as an individual, not as a member of General Motors' board. There are some things in discussion that should remain in board rooms.

Mr. DIGGS. We certainly respect that.

On May 21 General Motors stockholders will hold a meeting and it is my understanding that this subject of their involvement and investments in the Republic of South Africa will be on the agenda. Is that your understanding?

Reverend SULLIVAN. That is my understanding.

Mr. DIGGS. Will you be participating in the debates on that subject?

Reverend SULLIVAN. I have already made my position known to the General Motors board by voting for a proxy statement in favor of the withdrawal of the company's activities from South Africa. It is a vote that is known to the world now. I have made my position known. What I will ever do in the future will be my decision to make at any given time.

Mr. DIGGS. Just one final question. I am disturbed by your statement that your appearance before this subcommittee suggests that you might lose some friends. We hope that your appearance before this subcommittee does not result in any kind of penalty. This is a free country, you and anyone else has the right of free expression. I am just curious as to why you feel that appearing before the subcommittee and expressing yourself so eloquently and candidly is going to result in some loss of friendship or influence or have some effect upon that very important other organization with which you are identified—OIC.

Reverend SULLIVAN. There are many opinions in America that might be sympathetic to my opinion. Some say to require that business be removed out of the Republic of South Africa because of the practices there having gone too far. Some would say let us work at it, let us go slow. Why does the world always say go slow when it comes to justice for the black man? But this is true. My enterprises are established in such a way that they require the support not only of the common man in America but the business leadership of America.

The IOC program is a program to train people to stand on their own feet, to help so they can be wage earners rather than tax eaters, so that a man can have handups rather than handouts, so that we can get men and women off relief rolls. In order for this to be done it requires extraordinary support from all America. At this very moment my requirements are for \$100 million to assist me in the establishment and to assist my work in 100 cities in America.

I am not getting that support yet from the agencies of the Government although the Department of Labor within the last year has given significant support in this direction and I salute and thank the Department of Labor for it and the concern and interest of the White House in my work that made this possible, but my needs are for

\$100 million to train 100,000 men and women a year in useful jobs. My source for this kind of support is from industry, from large businesses that will not understand a black man taking a view against industry and its roll even in the Union of South Africa.

I may well lose many friends who will not understand my position, but if I lose those friends I have decided they are not my friends after all, and if I lose those friends I believe God will send me more and they will be businessmen and industrialists and millionaires, but more than that, perhaps I will get the support more of the common man who with his \$5 and his \$10 will make up the difference of what I might lose.

Mr. Diegs. Well, I would think in conclusion, Dr. Sullivan, that you should also have the support of General Motors. Even though your views may be only in the minority, you have done more for the image of General Motors through your deserved appointment to their board than anything that I can think of that they have done in recent times and they ought to be just as interested in protecting your interest, your right to speak out as any other agency from the private or the public sector, and I would be very disappointed if any potential loss of friends was not offset by the pervasive influence of the largest corporation in the world, General Motors Corp.

I think the gentleman for his enlightening testimony here and I think I can say that you certainly have not lost any friends as far as this subcommittee is concerned.

The subcommittee stands adjourned.

(Whereupon, at 3:45 p.m., the subcommittee adjourned, subject to the call of the Chair.)

U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

WEDNESDAY, MAY 12, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON AFRICA,
Washington, D.C.

The subcommittee met at 2 p.m., in room 2255, Rayburn House Office Building, Hon. Charles C. Diggs, Jr. (chairman of the subcommittee), presiding.

Mr. Diggs. The subcommittee will come to order.

This afternoon we are continuing our hearings on United States business involvement in southern Africa.

Our previous witnesses have testified at length as to merits or demerits of U.S. business working from within the system of apartheid to bring about change and this question will be explored further today.

Our first witness is Mr. Paul W. Sheldon, vice president for Gulf Oil Corp. Mr. Sheldon was elected the corporate vice president for Gulf Oil in October 1969, responsible to the executive for a broad range of duties including advertising and public relations. He has been director of advertising and public relations since June of 1969 and has been director of advertising since 1962.

Prior to that, he was the coordinator of advertising for the corporation, since 1960, when he was transferred to the Pittsburgh executive offices from New York City.

Mr. Sheldon has extensive experience in numerous phases of public relations, advertising, and publicity before joining the corporation's public relations department in its New York office in 1959 as manager of project development.

Prior to coming with Gulf, Mr. Sheldon was account supervisor for Rubicon, the New York advertising agency, and from 1946 until 1948 he was director of publicity for Town Hall, Inc., of New York City.

The résumé of Mr. Sheldon's background will be entered in the record.

I want to particularly welcome Mr. Sheldon here as a representative of Gulf Oil Corp., which affords us an opportunity to say that we have had some problems in getting some enterprises that are operative in southern Africa to respond to our invitations, and I am particularly grateful for Mr. Sheldon being here today.

Frankly, it is difficult for the subcommittee to understand the rationale of certain business interests who are involved in southern Africa. Obviously, if they do not come before this subcommittee and respond to questions and try to educate this subcommittee, and through this subcommittee as an instrument, communications media, and American

press, about serious questions that are arising with respect to the implications of their involvement in those areas, they leave the record silent or they leave the record vulnerable to their interests.

Yesterday I sent a special communication to the Secretary of Commerce, Secretary of Defense, Secretary of State, and the Secretary of the Treasury, pointing out that the subcommittee was extremely disappointed at the lack of cooperation on the part of the business community, not only in testifying before this subcommittee but in another subcommittee of this committee which deals with foreign economic policy, and charging them with the responsibility of trying to exert some influence in getting cooperation from business interests in the public interest to testify before the subcommittee.

I sent a similar communication to the chairman of the full committee wherein I pointed out that in my view the American business who declines an invitation to appear and testify before duly constituted committees of Congress, to me it constitutes an insult to the congressional legislative system. They do testify before other committees. We feel that this subcommittee is no less constituted in the public interest and that they ought to be responsive.

I noted last week that one of the main banking interests in southern Africa who had declined an invitation to appear before the subcommittee appeared before one of the other committees of Congress on a day when they alleged they were, for one reason or another, too busy to appear before this subcommittee, and so I will reiterate my particular gratification that Mr. Sheldon is appearing here on behalf of Gulf Oil Corp. and this subcommittee is engaged in what we consider to be a very serious undertaking. We want to get all sides. We want to get all views into the record.

Despite any preconceived notions, this subcommittee as a subcommittee has made no prejudgments with respect to this matter. It is a matter which is growing in importance and growing in controversy in the American public opinion instruments across the country.

Mr. Sheldon has a prepared statement, and I would like to call the gentleman to the witness stand.

STATEMENT OF PAUL SHELDON, VICE PRESIDENT, GULF OIL CORP.

BIOGRAPHY

Paul W. Sheldon was elected corporate vice president for Gulf Oil Corporation October 28, 1969, responsible to the Executive for a broad range of duties, including advertising and public relations.

He had been director of advertising and public relations since June of 1969 and had been director of advertising since 1962. Prior to that he had been coordinator of advertising for the Corporation since 1960, when he was transferred to the Pittsburgh Executive Offices from New York City.

Mr. Sheldon had extensive experience in numerous phases of public relations, advertising and publicity before joining the Corporation's Public Relations Department in its New York City office in 1958 as manager of project development.

Prior to coming with Gulf, Mr. Sheldon was an account supervisor for Young & Rubicam, a New York advertising agency. From 1946 to 1948, he was director of publicity for Town Hall, Inc., of New York.

In World War II, Mr. Sheldon was engaged in press and public relations work for the U.S. Army in Europe. He was discharged in 1946 with the rank of captain.

Born December 1, 1920 in Dulce, New Mexico, he attended Willamette University in Salem, Oregon from 1940 through 1942.

Mr. SHELDON. Thank you very much, Mr. Chairman. I appreciate the opportunity to be here.

I would, with your indulgence, like to deliver a prepared statement, but, before I do, sir, I would like to, if I may, enter into the record some words concerning testimony made yesterday by Prof. Daniel Kunene of the University of Wisconsin.

If this transcript is accurate, and I frankly say I am not at all sure it is because I don't believe it is the official transcript yet, there is a statement that begs a reply from us, and I would like to make a response to that at this time.

The statement is this: "The search for oil in South Africa is dominated by big names in U.S. oil firms. These include Gulf, Mobil, Atlantic Richfield, Esso, Chevron, and Syracuse Oil; and, on the marketing level, Texaco, Mobil, and Esso."

I should like to state, Mr. Chairman, categorically, that we are not searching for oil in South Africa. We have no concessions in South Africa and we have no intention presently of engaging into any search or exploration in South Africa, and so I would like to enter that into the record, if I may.

On behalf of the management of Gulf Oil Corp., I want to thank you and the members of the subcommittee for inviting Gulf to participate in these hearings on Africa. We are gratified to note that, this year, representatives of two American corporations with interests in the area are appearing before the subcommittee, for the attitudes and activities of the business community are certainly relevant to your deliberations.

Mr. Wyman of Polaroid Corp. has previously described the position of a distributor of consumer products in the Republic of South Africa.

I would like, in this statement, to set the stage with a few general remarks pertinent to any consideration of Gulf's role in international oil operations, and then to speak more specifically of one such operation as conducted by Gulf in the Angolan enclave of Cabinda.

Gulf is a multinational company doing business in 73 countries around the world. We have discovered or are producing oil or gas in 14 of those countries. We and other petroleum companies must do business in many countries because natural resources are where nature put them. If somebody doesn't keep finding oil and gas, consumers will run out of these primary sources of energy. During the next 10 years, the oil industry is going to have to invest more than \$500 billion to provide for the growing demand for petroleum during that period. Energy consumption in current world markets is expected to increase by some 25 million barrels per day. To keep the present balance of reserves to production, the industry will have to discover about 40 billion barrels of new oil reserves each year, build the equivalent of another 900 of the 100,000-ton tankers, and construct 250 new refineries, each with an average capacity of 100,000 barrels per day.

To put this in simpler language, this represents an increase of 55 percent in that period.

Since it is estimated that exploration in the United States will provide only a small fraction of these requirements, the majority of the new oil reserves must be found elsewhere. This is the principal pressure on the international petroleum industry—that of finding ways

to meet the rising worldwide demand for energy. In order to do so, we must work with and in many nations, wherever the geology indicates new oil reserves may—and I emphasize may because this is a most inexact science—be found. Of necessity, we must therefore work in conjunction with governments of many different persuasions, for it would be impossible to find sufficient reserves if the search were limited to only those nations with whose political philosophies Gulf might agree.

Then, of course, governments change. In fact, the composition and practices of every government will change somewhat during the extended period that must elapse before an oil company can recover its significant exploration outlays in a given country from the revenues ultimately produced by a new oil discovery. Indeed, in Gulf's experience some of these changes have been revolutionary, and operated to diminish rather than enhance the prospect of commercial gain. Always and everywhere, oil companies and governments have contracts which bind the parties to honor their obligations, no matter what political faction may from time to time be in the ascendancy and whoever may become responsible for the destiny of the company. In this connection, it is only fair to say that in the 70-year history of Gulf Oil only one foreign government has repudiated its concession agreement and Gulf has never done so.

As a corporate citizen of this country, Gulf seeks to do business only with those foreign nations whose governments are recognized by the United States. On a personal basis, Gulf employees experience a whole range of attitudes about the governments with whom we are in contact. But these are individual attitudes and no single employee has the right to represent the political views of all employees or of all shareholders. In fact, the public expression by a Gulf representative of any political attitude regarding a foreign government would disrupt the company's ability to function effectively in dealing with that government. This is why a multinational company must remain politically nonpartisan abroad. However, that is not to say that Gulf has no contact with foreign governments. Where we do business, we must have regular contact with them on the technical and commercial matters which vitally affect our investment.

Gulf is presently conducting exploration and production operations in six diverse African locations: The Spanish Sahara, Nigeria, Cameroon, Gabon, the Democratic Republic of the Congo and Angola. The Nigerian oil fields are in the most advanced stage of development, now producing at an average rate of 267,000 barrels of crude oil per day. In the Congo and Gabon we have just brought in our first promising wells, discoveries which have accelerated development activities in these areas. Prospecting operations in the Spanish Sahara and Cameroon are still in their early stages.

But the subject today is southern Africa and for Gulf that means Angola, or more specifically, Cabinda, which is an enclave of Angola. Cabinda is located on the Atlantic coast of West Africa near the mouth of the Congo River, is geographically separated by the Congo—Kinshasa—from the rest of Angola, and extends inland about 70 miles along its 93-mile coastline.

Gulf began geological investigations in Cabinda in 1954, and received its first concession from the Portuguese authorities in 1957. The

concessionaire, Cabinda Gulf Oil Co., necessarily became subject to the local law, and in accordance therewith was required: (a) to transfer a nonparticipatory minority stock interest to the government, (b) to appoint a Portuguese citizen as chairman of its board of directors, and (c) to accept the appointment of a government director on that board, and of a government delegate to the company. Many dryholes were drilled under this concession in the years immediately following 1957, and it was not until 10 years later that the first producing wells were brought in. The initial crude cargo was exported in November 1968, and in 1970 production had attained an average rate of 85,000 barrels per day.

This lengthy period between the commencement of exploration operations and the discovery and production of oil in commercial quantities is not at all unusual in rank wildcat countries. Gulf is the sole concessionaire in Cabinda although there are four other oil companies which operate in Angola proper.

At the end of 1970, Gulf had paid a total of \$30 million in taxes, royalties, and special payments to the Government of Angola. Most of this sum was paid in the form of advances against royalties and taxes expected to accrue from future oil production, and all but \$3 million has been paid during the last 2 years of our 16-year period of operation. Under the concession the Government may, of course, request that the standard 12½ percent royalty be paid by the company in oil rather than cash and the Government may also elect to purchase up to an additional 37½ percent of the crude oil produced, making a total maximum annual government entitlement equal to 50 percent of the Gulf production. To date, these particular government rights have not been exercised.

I mention this because those who criticize Gulf's investment in Angola claim that this oil, as well as the cash payments, already are being used by the Government to suppress the people of Angola.

They ask that Gulf somehow simply withdraw from Cabinda—without indicating how a private company, which has a significant investment in the area, might responsibly do so. It is the considered judgment of Gulf management that this is not possible. I might add that a few years ago, during the tragic war in Nigeria, Gulf received the same kind of pressure from those sympathetic to the Biafrans—and for the same stated reasons. Gulf could not defend or condemn the Nigerian Government at that time nor can I, as an officer of Gulf, defend or condemn the territorial Government of Angola or the central Government of Portugal today. But I can discuss Gulf's investment and the possible results if we gave up this investment.

First of all, withdrawal from our contract would simply leave the Government with all the revenue from a well-established oil field—which it could operate or grant to another company. In either event, the Government would not be deprived of revenue. In fact, its revenue would increase substantially.

An alternative would be for Gulf to assign the concession to another company. But there is a standard clause in all concession agreements, including this one, that requires approval from the host government for such an assignment. This, of course, would be granted only if the terms were acceptable to the host government, and certainly

would not reduce its revenue. No matter what method of withdrawal Gulf could adopt it simply does not follow that the Government can be made to suffer, as a result.

Perhaps the most pertinent question in this issue is: Does Gulf directly benefit the people of Angola, or, for that matter, the peoples of any foreign country in which we do business? We believe we do. During the 1967 and 1968 construction period, Cabinda Gulf and its contractors paid wages to more than 2,000 nationals for jobs that did not exist before we got there. Incidentally, only about 10 percent of these employed nationals were white. Before the significant commercial discoveries which led to this construction activity, the local payroll was very modest. Indeed, before 1967 I don't believe there were more than six Gulf employees because independent drilling contractors were used up to then. Gulf was not a major direct employer until 1967. I am pleased to report that in this short 4-year period, we have reached a position where about 77 percent of Cabinda Gulf employees are nationals. And in the next 7 years, more than 85 percent will be nationals—including at least half the top management positions. To accomplish this, Gulf is providing educational aid, scholarships, on-the-job training, and training in other Gulf installations to Angolan employees. This is Gulf's standard operational procedure. No successful international corporation can operate in any other way. Local people must be trained to run the company.

Of more significance to Angola than the company's annual payments to the Government is the direct payment to the community in the form of wages and the purchase of local goods and services. After the peak construction period, Cabinda Gulf and its contractors now employ more than 700 native Angolans. Of the 175 nationals working for Cabinda Gulf, 38 already hold supervisory positions. The company's annual local payroll now is about \$760,000, and that is the payroll just for nationals.

Cabinda Gulf's expenditures for goods and services there was about \$20 million in 1970. Much of this is pumped directly into the local economy.

Also, our employment is introducing new skills: Drilling; welding; operation and maintenance of light and heavy machinery, construction equipment, cars and trucks; building construction; and boat and barge handling. About 10 percent of the nationals employed by Gulf have been sent to the United States, Venezuela, and Europe for various forms of training. Government employment also increased due to the impact Gulf made on customs, oil regulatory staffs, postal and telegraph services, and other departments.

Special contributions to Angolan education also have been made by Cabinda Gulf. An annual payment of \$70,000 is made to the Overseas Mining Development Fund to be used in developing mining technology and management. Since 1967, Gulf has donated 12 scholarships each year to the Angola Institute of Education for secondary and university level students. The Secretary of Education awards these scholarships.

A less direct, but significant economic impact has been the increased standard of life, the new buildings, hotels, and roads that have been made possible.

The oil industry's history overseas demonstrates the benefits derived by the citizens of these areas. Gulf is a major investor in the Middle

East, for instance. Kuwait citizens today enjoy one of the highest living standards in the world. Venezuela is one of the largest oil exporting nations in the world. Most of the notable economic advances made in Venezuela have occurred in the past 40 years, coincident with the growth of its petroleum industry. The growth of that nation's economy and educational system has improved the living standard and literacy level for the majority of the population.

Gulf believes that real progress for Angolan people lies in more, rather than fewer jobs; in more, rather than less education; in more, rather than fewer skills. Gulf is assisting in this progress.

Mr. Chairman, there were four proposals related to Gulf's investment in Angola placed in our proxy statement this year. They were placed there by the same people that oppose our investment in Angola and for the express purpose of ending this investment. I believe you are familiar with these proposals one of which would have required our immediate withdrawal from Angola. They were defeated by more than 98 percent of the voted shares.

They reflect pressures now being exerted to transform Gulf and other commercial institutions into international political tools. Although members of this committee and many of us as individuals might be sympathetic with the political and social views of those who are now seeking political changes in Angola, one may question whether a corporation such as Gulf is in a position to make any meaningful contribution in this regard, other than by helping to raise the level of competence of many of the people, by raising the standard of living through the revenue that flows directly into the local economy, and by increasing trade and commerce as a result of our presence, but certainly not through direct political action.

The basic question, Mr. Chairman, seems to be this: Does a multinational corporation have the right to attempt to intrude in the strictly political affairs of any foreign country? The officers and directors of Gulf Oil Corp., believe we do not now have that right—nor should we ever have it. And the Gulf shareholders overwhelmingly agree.

Thank you, Mr. Chairman. That concludes my formal statement.

To the best of my ability, I will try to answer any questions you may have.

Mr. Diggs. Thank you very much, Mr. Sheldon.

The Chair recognizes a member of the full committee, who is not a member of the subcommittee, who over a long period of his distinguished service as a member of this body has expressed considerable interest in affairs relating to the African Continent, and I would like to now yield to the gentleman from Pennsylvania, Mr. Fulton, for any questions or comments.

Mr. FULTON. I appreciate the chairman's kind statement because I am interested in Africa, and have recently been elected the acting minority member of the Near East Subcommittee of the full committee, so that it deals with Africa as well.

As a matter of fact, I have been interested in Africa a long, long time, and particularly since I have been a delegate to the United Nations at the 14th General Assembly when over the then administration recommendation, it was my amendment that increased the Economic Commission for Africa funds by 35 percent above the United Nations budget in order to get Africa going so that there would be provided these jobs and these opportunities for all of Africa.

I would like to ask the question first, if I may, if any corporation goes beyond the purposes of its charter and gets into political action, it is illegal in the United States; is it not?

Mr. SHELDON. Yes, sir.

Mr. FULTON. So that you are prohibited by U.S. statutes in taking part in political actions as a corporate entity?

Mr. SHELDON. That is my understanding, Mr. Congressman.

Mr. FULTON. When your company deals with foreign governments, it is as a contracting party in the field of business within which you are operating, the production of oil, gas, and petroleum products and not at the political level. Your company is neither authorized, empowered, nor are you engaged in the field of dealing politically with any of the countries in which you do business; is that correct?

Mr. SHELDON. That is correct, sir. Quite apart from any legal requirements, I think any government, no matter where they are or how you might feel about them personally, would be entirely within their right to invite you to leave if you did, and undoubtedly would do so.

Mr. FULTON. Well, the difference between our U.S. free enterprise system, which is separate and apart from our U.S. Government, and industry in those countries which are under dictatorships or government ownership of industry, is that we keep separate our private industry from our political affairs. Actually we don't want any U.S. corporation or individual offices in business combining the two at home or abroad; is that not right?

Mr. SHELDON. That is my understanding, sir.

Mr. FULTON. If any corporation should combine a political motive, and we are speaking of U.S. corporations, with its doing of business in any country abroad, that would really be imperialism, which I am sure Gulf opposes, and I, as an individual American, oppose. Would it not be imperialism?

Mr. SHELDON. Yes, sir; I would agree with that.

Mr. FULTON. One of the things I would compliment Gulf upon, is providing jobs and raising the standard of living more than any other company that is operating in Africa that operates without any color distinction.

Might I ask a direct question? Has Gulf Oil Co., to your knowledge, operated without color, race, or creed distinction in Angola and, of course, in the particular Cabinda area that you are speaking about?

Mr. SHELDON. Yes, I can answer absolutely yes to that, I think it might also be interesting to examine our operations in Nigeria. The only reason I am citing this as an example is because Nigeria is much further along in development insofar as the production of oil is concerned.

By 1976, we will probably have no more than two white expatriates in our entire operation in Nigeria.

At this particular moment, the entire oil field, which is producing 287,000 barrels a day, is operated by Nigerians, and very well, I might add. They are talented people and this is our practice everywhere.

In Venezuela, the president of our subsidiary corporation is a Venezuelan.

It is just good business, Mr. Congressman.

Mr. FULTON. I have been especially interested and have voted for every bill and statute that has passed during my term in Congress for

civil rights legislation, equality of opportunity, education, absolute equality among races within this Nation. Likewise, on the House Foreign Affairs I have stood for that principle abroad.

With the chairman's permission, as I have been reading the January 1971 issue of *Foreign Affairs*, *Americans Quarterly Review*, it has discourses on southern Africa by former Ambassador George Kennan. I have noted that on page 230 just before I came to this meeting, the statement that I would like to read here:

The situation in the great Portuguese territories of Angola and Mozambique differs fundamentally with that prevailing in south and southwest Africa in that the central issue here is not that of race. Members of the insurgent movements now operating against the Portuguese administration like to insinuate that Portuguese rule is really a concealed form of white supremacy and such allegations find credence in western liberal, not to mention Afro-Asian circles. Neither the personal observations of a detached visitor nor the literature or unbiased scholars who address themselves to Portuguese African affairs afford much confirmation for such allegations. There have no doubt been periods of racial prejudice in the past; there are no doubt individual manifestations of it here and there today; there always are some manifestations when great numbers of people of different racial origin reside side by side. But there is no legal discrimination in residence, education, or employment and there is ample evidence that the absence of such discrimination is not just a formality. The tenor of everyday life in these Portuguese territories reflects less racial tension than can at time be observed in certain of the inland African countries. It is useful to reflect that if one were able to have today in South Africa not only the legal basis but the living reality of what now exists in the Portuguese territories in the sense of interracial relationships, even the most sanguine liberal would surely feel that at least 95 percent of the problem of South African apartheid have been solved.

I have been interested much in this subject because I have been specially interested in the Nigerian-Biafran conflict. My position had been for getting justice for the Biafran people who were opposing the Government, so that I am not just one-sided in my approach, always for the governments in these areas. And my interest has been enough that I have checked back to see what the Prime Minister of Portugal has said in April 1969. I have noted especially, speeches delivered to the people of the African Provinces of Angola and Mozambique.

Amazingly, the heading of his speeches on that trip were, "All of us are Portuguese, equal in the face of the homeland and equal in the light of the law."

I think that should be put on the record, Mr. Chairman, and, with your consent, it could be put in at this point.

Mr. Diggs. Without objection, it is so ordered.

(The document referred to follows:)

STATEMENT BY PRIME MINISTER MARCELLO CAETANO OF PORTUGAL IN LUANDA ON APRIL 15, 1969

In our Homeland there is room for all who were born under the guiding shadow of our flag, regardless of the colour of their skin, their social customs, their religious beliefs. The Homeland is, as it were, a cauldron in which all differences melt away and all divergences mingle. In the heart of that Homeland an open society is developing, providing a communion of races and classes, as a further step toward a real community of life and culture. This lovable Homeland is the synthesis of the natural qualities of a hard-working, affable, long-suffering people, capable of all forms of generosity and ready to make any sacrifice.

Angola is part of that wide Homeland, great Angola where, over five centuries the characteristics of the Portuguese mentality have taken deep root, and which, in its turn, has made so great a contribution to the universal features of the Portuguese-speaking world, in Europe, Brazil and the African Provinces.

To provide Angola as quickly as possible with the future which belongs to it by right, all forms of loyal collaboration are desirable. We are open to the entrance of capital, to try out new forms of enterprise, to apply new techniques. We only seek to prevent any loss of the concern to enhance the land and people of Angola above all. We find the concept of an economy of exploitation repellant.

The contemporary economy must be imbued with a deeply humanist sense. We are only interested in wealth when it really serves man. Man is God's creature, from whom the light of the mind shines forth, and he cannot be only in theory the king of Nature. All men must be given an actual share in the benefits that human ingenuity manages to wrest from the world about us. We want Angola to be rich and prosperous, but we do not want the children of Angola to be strangers to the wealth and prosperity of their homeland.

Let us boldly face the difficulties! Let us not be cast down by the temptations of discouragement, much less let ourselves be poisoned by the virus of disbelief in the virtue of our own efforts! Angola has set before the world admirable examples of constancy, firmness, energy, perseverance and victory. In combat it is the most obstinate that win the battle. The secret of triumph lies in the strength of one's will to conquer.

Angola is quite firmly determined to remain Portuguese!

Angola, Portuguese Angola or Angolan Portugal, has a brilliant future before it, clearly visible, a future that all we Portuguese together shall gain, to show the World, to the good of Africa, to the greater glory and enhancement of Portugal!

Mr. FULTON. Have you in Gulf Oil Co. hired more whites than people of local nationalities and race? Have there been more whites from Portugal and have there been more local people of white race rather than black race in Angola and Cabinda hired by your company?

Will you please make that statement direct on the record in order that we can see what Gulf's practices and policies have been?

Mr. SHELDON. Yes, sir; I will be glad to give you a breakdown to the extent that I can.

Mr. FULTON. If you don't have it here, with the chairman's permission, would you put your records of employment—

Mr. SHELDON. I will be glad to give it to you right now, Mr. Chairman.

Mr. FULTON. Is that all right, Mr. Chairman?

Mr. DIGGS. Yes, because that was going to be one of my questions, too.

Mr. SHELDON. As you know, as you probably know, there are no precise records kept on race. There are none at all, actually. So it is a matter of judgment and we must deal with two different groups of people here in the sense that most or a great deal of work we do is subcontracted; our drilling activities, for example. But as I pointed out in my statement, at the peak of our development activities, there were approximately 2,000 people employed by our various subcontractors. These are being paid for by Gulf money. And to the very best of our ability to estimate that, 90 percent were native black Angolans. The figure now has dropped to 700, but the ratio would remain the same.

Insofar as those people who are directly employed by Cabinda Gulf Oil Co., there are 175 nationals. Of those, 29 were born in Angola; 125 were born in metropolitan Portugal; 19 were born in other overseas territories.

We attempted a racial breakdown on this, and it comes out that 70 percent of territory employees are Negro.

Mr. FULTON. You had said on page 7 of your statement, "77 percent of Cabinda Gulf employees are nationals."

How many, then, would there be Americans?

Mr. SHELDON. Fifty of the fifty-five expatriates are Americans. The others are English and a couple of Australians, as I recall.

Mr. FULTON. I note the statement:

We have the system developing around the world of the host governments where our U.S. companies are entering into contracts of various types and establishing subsidiaries, that there be local participation, both by the local people in jobs and payroll, local purchasing of supplies, and likewise, that the government have a participating interest.

Would you please comment, on page 5, where you state that Gulf Oil Co., because of the Government of Angola requirement, has had to permit Government participation in addition to the 12½-percent royalty?

Mr. SHELDON. Yes, sir, I would be glad to comment on that. I refer to it as a nonparticipatory minority stock interest.

Let me explain exactly what I meant. It has no financial consideration. The financial terms are very simply 12½-percent royalty and 50 percent tax.

There are certain issues that may come before the Board of Cabinda Gulf Oil that require an 85-percent majority vote. An example I can think of, for example, is if we decided we were going to begin marketing in Angola, which we do not presently do. This would require an 85-percent vote. But there is no financial consideration, nor is there any operational function involved here. In other words, we have total operational control.

Mr. FULTON. So, it is Gulf management operated?

Mr. SHELDON. The subsidiary is 100-percent owned in a financial sense.

Mr. FULTON. What would the government delegate to the Gulf Co. representing Angola Government, do?

Mr. SHELDON. Among other things, he would make certain that they were getting their share of the royalties and taxes. In other words, he would have the right to make certain that the payments that were being received were the proper ones. This is standard, incidentally, in virtually every concession.

Mr. FULTON. You had stated that in the case of Nigeria in the Biafran conflict that you had received the same kind of pressure from those sympathetic to the Biafrans.

Mr. SHELDON. Yes, sir.

Mr. FULTON. I was not one of those who had pressured Gulf Oil Co. because I thought you were there as a private corporation in private industry and that it should be separated from that conflict, although I had been sympathetic to the Biafran cause.

In fact, as I believe the chairman will recall, insisting that the arms to Nigerian Government that might be sent under U.S. military sales or military grants program be stopped.

Now, the question is this: When that particular conflict has ceased, are you receiving any pressures in Nigeria when the economy is moving so well and so far ahead and with really a great contribution by Gulf Oil Co. to the local economy, from its investment there?

Mr. SHELDON. Any pressure?

Mr. FULTON. Are you receiving much opposition now in the Nigerian situation or was that just temporary.

Mr. SHELDON. None at all. Once the conflict ended, we received no more letters, and no more petitions; no, sir.

Mr. FULTON. So that there is no complaint in Nigeria at this particular time to Gulf Oil Co. operations?

Mr. SHELDON. No, sir.

Mr. FULTON. Which, of course, is a country that has undergone great internal disturbances.

Now, on the payments to Angola, how much has gone to Angola? I believe you have it on page 5, by the end of 1970?

Mr. SHELDON. By the end of 1970, a total of \$30 million over the entire life of the concession. And all but \$3 million of that paid in the last 2 years.

Mr. FULTON. And that is in both taxes, royalties, and special payments?

Mr. SHELDON. Yes, sir; special payments, for example, constitute two items. One is land rental and that declines as production comes up, but I believe it was in the magnitude of \$700,000 last year, and \$70,000 in this mining fund that I mentioned in my testimony.

Mr. FULTON. Has Gulf Oil Co. taken the responsibility in its own operations and for the subcontractors that it has in Angola, and particularly in Cabinda, to make sure that there is no adverse action or repression, ill treatment, or discrimination in its operations, on its properties, or by the subcontractors that Gulf Cabinda Oil Co. has?

Mr. SHELDON. Yes, sir; we have done that.

Mr. FULTON. Has the local job force been satisfied with the wages that have been paid by Gulf, that they are adequately being compensated for their services?

Mr. SHELDON. They are substantially higher than any equivalent wages paid anywhere else in the country.

Mr. FULTON. Would you, with the chairman's permission, put a statement in the record on that to show what the comparison might be as to the wage structure?

Mr. SHELDON. Yes, sir; I will be glad to provide that to you.

Mr. DIGGS. Without objection, it is so ordered.

(The information referred to follows:)

WAGE STRUCTURE COMPARISONS

ANGOLA

This compares Gulf wages in U.S. dollars for actual employed nationals at skill levels equal to the wage grades of the first collective agreement for oil companies operating in Angola, which was signed by all companies, effective May 1, 1971.

It is also worth noting the comparison of the following wages with the estimated annual per capita income of Angola of \$230 or less than \$20 per month.

Grade	Annual Gulf salary	Annual collective agreement salary
Grade 3 (assistants to watchman, driver, etc.) ¹	\$1,210	\$1,092
Grade 4 (watchman, driver, carpenter, etc.).....	1,738	1,512
Grade 5 (typist, watchman, plumber II, etc.).....	3,464	2,016
Grade 6 (geologist helper, plumber II, draftsman).....	3,762	2,724
Grade 7 (geologist assistant, programmer assistant).....	4,010	3,360
Grade 8 (geophysicist assistant, draftsman I, surveyor II).....	4,832	4,032
Grade 9 (cashier, surveyor I, head unit assistant).....	5,486	4,716
Grade 10 (team head, unit head, senior draftsman).....	6,136	5,342
Grade 11 (accountant, analyst II, airplane pilot).....	7,329	6,084
Grade 12 (geologist, auditor, analyst I).....	8,853	6,720
Grade 13 (superintendent I, geophysicist).....	10,331	8,076

¹ Titles under grades represent the types of jobs in that grade classification.

Mr. FULTON. I wish to compliment the gentleman for his frank and firm answers.

It is a pleasure to have a witness of your type come before us, and I compliment the Gulf Oil Co., on being ready to come and make plain its operations and its side of the case.

Thank you, Mr. Chairman.

Mr. SHELDON. Thank you, Mr. Congressman.

Mr. DIGGS. Mr. Sheldon, reference was made to certain legal limitations upon your ability or capacity to go beyond certain points, particularly if they had political implications. Could you cite the statutes that you have in mind or the gentleman from Pennsylvania had in mind when he made that comment and elicited your response?

Mr. SHELDON. I can't cite the exact statute, Mr. Chairman. I will endeavor to get it and put it into the record, but it is my understanding, for example, as you know, anyone who is in this country in a diplomatic capacity, as I understand it, is not allowed to criticize the Government of the United States, and vice versa, and if there were any evidence that we were a political instrument, either for or against it, but more particularly for, I would think, we would at least clearly have to be registered under the Foreign Agents Registration Act.

Mr. DIGGS. Well, if you could provide the subcommittee with the citations in question, I think it would be helpful.

(The information submitted by Gulf follows:)

LEGAL RESTRICTIONS TO CORPORATE POLITICAL INVOLVEMENTS

The following laws regulate corporate political activities:

Federal Corrupt Practices Act, Title 18, U.S. Code Section 610—
This section makes contributions or expenditures by any corporation in any primary or general election for Federal office a criminal offense subjecting both the corporation and its officers consenting to such acts subject to the prescribed penalties.

U.S. v. Lewis Food Company, 236 F. Supp. 849, 366 F. 2d 710, 9th Cir. 1966. This case involved the criminal indictment of a corporation for advertisements endorsing Congressional candidates. The legal validity of the indictment was upheld.

The allowance of tax deductions for politically related expenses are very narrow. No deduction is allowed for campaign expenses, I.R.C. § 162. No deduction is allowed with respect to debts owed to taxpayers by a political organization, I.R.C. § 271. Expenses in connection with advertising and political programs or publications and admissions to events sponsored by political parties are restricted, I.R.C. § 276.

Some 43 states have acts comparable to the Federal Corrupt Practices Act by prohibiting contributions or expenditures by corporations for political purposes. The violation of such acts generally carry criminal penalties. As an example, the Pennsylvania Election Code prohibits any corporation from making any contribution to any candidate or political committee for any political purpose whatsoever. 25 P.S. § 3225. The Code also forbids any director, officer, agent or employee of a corporation from acting on its behalf in violation of the statute. 25 P.S. § 3543.

The United States has enacted several statutes to forcefully maintain its position of neutrality in international conflicts and enforces that position upon persons, including corporations, over which the United States exercises jurisdiction. Some of the laws pertinent to the Commission's inquiry are as follows:

Foreign Relations Act, Chapter 11, Foreign Agents and Propaganda, sections 611-620.

These sections provide criminal sanction for noncompliance in requiring the registration of persons acting as agents of a foreign principal, including the foreign government or foreign political party, in the regulated activities in the dissemination of political propaganda on behalf of such foreign persons.

Title 18 of the U.S. Code, Chapter 45, Sections 951-969 make it a crime to interfere with the neutrality of the United States. Section

960, which may be most appropriate in the particular circumstances, provides as follows:

"Whoever, within the United States, knowingly begins or sets on foot or provides or prepares a means for or furnishes the money for, or takes part in, any military or naval expedition or enterprise to be carried on from thence against the territory or dominion of any foreign prince or state, or of any colony, district, or people with whom the United States is at peace, shall be fined not more than \$3,000 or imprisoned not more than three years, or both."

Mr. DIGGS. Now, Gulf is also, as you pointed out, presently conducting exploration and production operations in six African locations, Spanish Sahara, Nigeria, Cameroon, Gabon, Congo Kinshasa, in addition to Angola. Do you have any problems in any of those other countries that are similar to the problems alluded to by minority stockholders and other groups in this country, in any of these other places?

Mr. SHELDON. I believe I am correct on this, and if I am not I will certainly correct the record, but we certainly have a government representative on the board of each one of these companies, if I am understanding your question correctly.

Mr. DIGGS. Now, as you know, and as you have alluded to in your statement, there have been various groups that have been minority stockholders that have been critical of your involvement in Angola, and I am curious as to whether or not these same groups have been critical of your involvement in any of the rest of the countries.

Mr. SHELDON. No, sir; not to my knowledge.

Mr. DIGGS. How do you explain that? It is the same company and you are exploring the same products.

Mr. SHELDON. Well, there is a certain attitude on the part of some people and we did a year ago have some pressures from a group called the Gulf Action Project, whose main thrust was to disassociate ourselves from any business activities anywhere in what they called the third world. Now, they were non-specific, but I would assume this to mean any countries who had not yet become industrial powers, such as the Democratic Republic of the Congo, Nigeria, and Gabon, for example; and to that extent, yes, we have.

Mr. DIGGS. The point I am trying to bring out here is that obviously there is something peculiar about the relationship of your company in their transactions in Angola as opposed to the same transactions involving the same products in other African countries.

Mr. SHELDON. Well, Mr. Chairman, I won't agree with that. I don't think there is anything peculiar in that respect. It is perfectly true that the people who are critical of our activities in Angola are critical because they feel that our activities there contribute to the suppression of the rightful aspirations of the people of Angola. Now, that is why I think the thrust is focused into Angola. There is no doubt in my mind that this is the purpose of these criticisms just as they were during the period of the Biafran-Nigerian war.

Mr. DIGGS. Does Gulf pay Angola a defense tax as required by Portuguese law?

Mr. SHELDON. No, sir; we do not.

Mr. DIGGS. Why is that?

Mr. SHELDON. I don't know, but it is not in our contract.

Mr. DIGGS. Does that mean that you are exempted from paying a defense tax?

Mr. SHELDON. It is not in our concession agreement, and I am not aware of any defense tax requirement, Mr. Chairman.

Mr. DIGGS. There is a Portuguese statute which requires a defense tax to be paid by various corporations unless there is some specific exemption. I am curious, if you are exempted. I am curious as to why you are exempted.

Mr. FULTON. Could you have your legal counsel provide that?

Mr. SHELDON. I could, certainly, but to the best of my knowledge, we do not. It is not part of the concession agreement nor do I know of any specific exemption. But I shall be glad to provide you with the exact information on that, Mr. Chairman.

Mr. DIGGS. As you know, Mr. Sheldon, in the last year Cabinda has been placed under total military administration. How does Gulf relate to this military administration? Does it maintain friendly relations, or what are the relations?

Mr. SHELDON. Our activities are an oil-producing field, which is roughly 6 or 7 miles north of Cabinda town. We have a rather large tank farm. This is where the oil is gathered. That is enclosed by a fence.

There is a detachment of policemen that patrol this area. The policemen are provided. They are not soldiers. They are not part of the military, but they are provided by the Government of Cabinda.

Our producing oil wells are all offshore, some as far as 10 miles out at sea. We have had no problems operationally. We have had no incidents.

Mr. DIGGS. You do depend upon the Portuguese military to defend your installations?

Mr. SHELDON. The police.

Mr. DIGGS. Are they military or police?

Mr. SHELDON. No, sir, they are police. They are not part of the army.

Mr. DIGGS. Now, the Popular Movement for the Liberation of Angola is quite active in Cabinda. To the extent that Portugal has had to increase the size of its army stationed there, do you have any kind of relations at all with the Liberation Movement?

Mr. SHELDON. No, sir. There are, as you know, a number of liberation movements in Angola, three at least that I am aware of.

Mr. DIGGS. Has Gulf maintained its own detachment of police to supplement?

Mr. SHELDON. No, sir, we do not.

Mr. DIGGS. Do you have any plans for any contingencies in case of any trouble in the area, to switch over to the military government or anything of that nature?

Mr. SHELDON. No, sir.

Mr. DIGGS. Where does Gulf sell the oil that it produces there?

Mr. SHELDON. Virtually all of it goes to Western Europe. None of it remains in Angola. Seven thousand barrels a day are sold to a commercial customer in metropolitan Portugal. Some goes into our own refineries in Holland and England; the remainder to other European customers.

Mr. DIGGS. You refer to the composition of your working force. What about the top jobs, the supervisory level? Could you make a statement or comment about that and also to provide more specific information, if you do not have it, bring it back for the record?

Mr. SHELDON. I will be glad to provide part of it now and expand the record, if that seems necessary.

Are you talking racially now?

Mr. DIGGS. Yes.

Mr. SHELDON. Most of the top jobs are filled by whites. The reason for that is, I think, fairly simple. We have highly technical business and we must train people as we are doing and we have one further problem here and that is a language barrier. We are an American company. This, fortunately, is not a problem for us in Nigeria. It will be in the Congo.

So, the problem is twofold: training people as quickly as we can, and communicating in a common language.

Mr. DIGGS. You do have a training program?

Mr. SHELDON. Yes, sir; we do, indeed.

Mr. DIGGS. Could you tell us something about the training program, who is involved in it from a racial standpoint, for example?

Mr. SHELDON. Virtually everybody in the company is involved in it, but at the lowest skilled level; for example, we train welders, which is a fairly high paid job. We train pipefitters. We train electricians. At the administrative level, we regularly have training programs that are over and above the normal work day. Our labor force is somewhat higher than we really need in order that we can bring people along and train them.

Every expatriate in every country in which we do business knows that his primary job is to train a national to replace him in that job.

Mr. DIGGS. What is the average starting salary of your African workers?

Mr. SHELDON. At the very lowest level, \$100 a month. The largest employment grade as far as local employees are concerned starts at \$288 a month.

Mr. DIGGS. What is the average starting salary of the white workers?

Mr. SHELDON. The same, but I think you have to compare salaries by job classifications, Mr. Chairman. I don't think you can get at it if you try to put it on racial basis.

Mr. DIGGS. Is there any differential, then, to put it more succinctly?

Mr. SHELDON. No, sir; there is not. There is between expatriates and nationals.

Mr. DIGGS. They get a special allowance?

Mr. SHELDON. That is correct.

Mr. DIGGS. Do you find gaps growing in the average salary levels on a racial basis, say, after a 2-year or 3-year period?

Mr. SHELDON. You must remember now, as I pointed out in my testimony, that we have really just gotten into operation as a company, so that I can't give you very much history, by my guess would be that, if anything, the gap is closing rather than widening.

Mr. DIGGS. Do your workers have trade union rights? Do they have a right to strike? Do they have a union?

Mr. SHELDON. We do not have a union, we do not have collective bargaining at that point, and I, frankly, can't tell you whether they have that right.

Mr. DIGGS. As a matter of fact, there are no trade union rights under Portuguese laws. They have what is known as syndicates which is very

rigidly controlled. I don't know whether there are any syndicates in Cabinda or in your operation.

Mr. SHELDON. To my knowledge, there are not, sir.

Mr. DIGGS. You indicated that you pay educational fees for blacks and whites.

Mr. SHELDON. Yes, sir.

Mr. DIGGS. Could you tell us how many African children of their employees finish high school as compared to whites? How many African children go beyond that point? Whether or not there are any differentials showing up in that area?

Mr. SHELDON. I don't think, again, our experience has been that we have been there long enough to make that description. I would have to tell you, I think percentagewise there are certainly more whites at this point going on to high school than there are blacks. I don't think there is much question about that.

Mr. DIGGS. Just one final question, so I can share time with other colleagues here.

On page 9, I am troubled by your expression where you say, "they reflect pressures now being exerted to transform Gulf and other commercial institutions into international political tools."

That is a pretty strong statement.

Mr. SHELDON. Right. I agree.

Mr. DIGGS. Are you saying that those people who have a sincere and abiding interest in the political liberation of the Portuguese territories, a part of a continent that has been totally liberated, are engaging in trying to make international political tools out of Gulf Oil Corp.?

Mr. SHELDON. Yes, sir, I think that is a fair statement. I will be happy to expand on it, if you would like.

Mr. DIGGS. I would.

Mr. SHELDON. And it does not beg the motive or the right or wrong or the justice of people I am referring to, but the specific recommendation has been made, for example, that we contribute to one or more of the liberation movements in Angola.

Now, to me that makes you a political tool. In the first place, it obviously is impossible but, even so, it then presumes upon us a political judgment because there are, as I pointed out earlier, at least three liberation movements in Angola. We don't have the wisdom, even if we were so disposed and were able to do so, of which of these three, for example, we should choose, or let's assume just for the sake of this discussion that we chose all three. If one of these emerged, and as you perhaps know, Mr. Chairman, they have frequently fought or, on occasion at least fought each other, if one of these emerged, we would then be an anathema because we had contributed to the other two and that is really what I am talking about. And, under those circumstances, I believe it is a fair statement.

Mr. DIGGS. I yield to the gentleman from Pennsylvania, Mr. Whalley.

Mr. WHALLEY. Mr. Chairman, every time you yield to me we get a bell.

Thank you, Mr. Chairman.

Mr. Sheldon, your statement on page 3 says Gulf, over a period of 70 years, has done business in 73 different countries and that only one

foreign government has repudiated its concession agreement and Gulf has never done so. I think this is a tremendous record because, as you know, we have 50 States in this country. Many States have increased business taxes which in turn caused business to invest \$12 billion to \$15 billion, maybe \$60 billion to \$80 billion overseas.

I want to compliment Gulf on the tremendous record that they are making. Thank you very much.

We have to answer the bell.

Mr. FULTON. Because of the rollcall, being the acting chairman at this point, may I make a comment on the educational advances in Angola, which I know. From years 1965 to 1969, education advanced 120 percent in growth in Angola, for example, in primary, secondary, intermediate, higher grade education, and in those groupings there are 500,000 students. Likewise, the ratio of schoolgoing population is now about 45 percent, which is tremendously high for African nations. As a matter of fact, on the Portuguese National Government on its expenditures abroad, the largest item is for education, 23 percent.

Thank you.

(A brief recess was taken.)

Mr. DIGGS. The subcommittee will come to order.

Mr. SHELDON. Mr. Chairman, if I may, during the recess I did a little more homework and I would like to talk for a moment, if I may, about the military tax you mentioned.

Article 16 of our concession agreement specifically exempts us from any other taxes beyond the royalties and income tax we pay. It says nothing about a military tax. I will be glad to read you that clause, if you would like. It is fairly short, and it says:

In consideration of the royalties defined under the terms or article 15 and obligations assumed by Cabinda Gulf Oil Co. under concession contract, the said company shall not be subject to the payment of any duties, imports, or taxes, whatever their name or nature, whether ordinary or extraordinary, national, provisional, municipal, present or future, with the exception of income tax on profits for oil operations of overseas provinces imposed by memorandum 41,357 of November 11, 1967, statistical tax of one per thousand ad valorem, and stamp tax on customers clearance documents as provided in article 20 and further consideration of the reservation of royalty for the province and obligations assumed of concessionaire, not duties imposed or tax.

Finally, one correction. There are in fact, Mr. Chairman, three syndicates, and we, on May 1, as recently as that, reached agreement with all three of these syndicates. One covers administrative and office workers. One mechanics, welders, and drivers, and the third, nurses. So we do in fact have syndicates and we do in fact have agreements with them.

I thank you for that opportunity.

Mr. DIGGS. It is my understanding that the United Church of Christ, Ohio Conference, made a statement that your company assured the white settlers in Angola that the Government would relieve them of much of their tax burden by helping to pay for Angola defense.

Would you comment on that?

Mr. SHELDON. Yes, sir; I would be glad to. Gulf has never given such assurances.

Mr. DIGGS. The Portuguese development plan for the colonies, 5-year plan, states, "Economic development is the best foundation for sustaining the defense effort."

If we are to assume, according to your testimony, that Gulf's presence in Angola has contributed to the economic development of the country, does that not make for some complicity with the defense effort?

Mr. SHELDON. No, sir; I do not think it does.

We have no control over the way the Government of Angola or any government, where we have a concession agreement, spends their revenues from royalties and taxes. But this breaks into two parts and the second part of it is, the revenue that is generated directly into the economy that helps raise living standards and provides jobs, I do not think is directed politically in this instance.

Mr. DIGGS. We have another member of the full committee here, who is not a member of the subcommittee but has long been involved in concerns about U.S. effort in relation to Africa, the gentleman from New York. I would like to recognize him at this point.

Mr. BINGHAM. Thank you, Mr. Chairman. I appreciate that.

I do have one question that I would like to ask at this time.

Mr. Sheldon, you are currently carrying on operations in Nigeria, Cameroon, Gabon, and the Congo. In your relationships with those governments, have any representations been made to you expressing their unhappiness that you are doing business in Angola?

Mr. SHELDON. No, sir.

Mr. BINGHAM. That matter has not come up at all?

Mr. SHELDON. No, sir.

Mr. BINGHAM. That is all, Mr. Chairman.

Mr. DIGGS. The gentleman from Iowa, Mr. Culver.

Mr. CULVER. I have no questions at this time, Mr. Chairman.

Mr. FULTON. Mr. Chairman?

Mr. DIGGS. The gentleman from Pennsylvania, Mr. Fulton.

Mr. FULTON. My position has been that the United States should help develop and make the world successful so that that means for the peoples of the world progress and advancement as we would progress in peace.

Under those circumstances, we then with our knowledge and know-how through our U.S. companies, scientists, researchers, and individuals, are contributing to world progress.

I am the ranking member on the Science and Astronautics Committee, and in 1958 when we passed the Act establishing the National Aeronautics and Space Administration, NASA, we specifically stated that the benefits of discoveries, research, and development by the United States should be made for the benefit of all mankind.

Now, we did not in that Act state that they should be made for the benefit of any political system nor did we tie it down to political systems. I would compliment your company that you evidently on dealing with these various governments keep to your own field of endeavor and industry and do not intervene nor participate in the politics of the particular country because that to me is imperialism.

My next point is that I have been one of those who have wanted to aid the countries of Eastern Europe, even though under Communist domination. I believe they are fine peoples. As the chairman knows, some of us on the committee were very strong for establishing the children's research hospital with U.S. foreign aid money in Krakow, Poland, and in fact went to Krakow at the time of the dedication and were gratefully received by the Polish people.

The point that I want to come to is this: Unless we separate our U.S. private industry so that it can operate in the field of endeavor of production, distribution, and making ready for consumption, from the political field, we are then subjecting the United States people to criticism as to our interferences in local governments of any kind abroad, whether democracy, dictatorship, to the left or right, or in civil wars.

Would you agree with that?

Mr. SHELDON. I certainly do, Mr. Congressman.

Mr. FULTON. That is all, Mr. Chairman.

Mr. DIGGS. If there are no further questions, the witness is dismissed with the gratitude of the subcommittee.

Mr. SHELDON. And I express gratitude to you, Mr. Chairman. I thank you for your courtesy and generosity.

Mr. FULTON. May I compliment the chairman, too, on his fairness.

Mr. SHELDON. I should like to endorse that, also.

Mr. DIGGS. The next witness is Mr. Josiah Beeman, staff director, Southern Africa Task Force of the United Presbyterian Church, U.S.A.

STATEMENT OF JOSIAH BEEMAN, STAFF DIRECTOR, SOUTHERN AFRICA TASK FORCE, UNITED PRESBYTERIAN CHURCH, U.S.A.

BIOGRAPHY

Director of the United Presbyterian Washington Office, United Presbyterian Church in the U.S.A., Washington, D.C.

Born October 8, 1935 in San Francisco, California.

Secretary for International Affairs for the United Presbyterian Church from February 1969 until April 1970.

Administrative Assistant to Congressman Phillip Burton (California) from 1963 to 1966, and again in 1968. He served in 1967 on the Board of Supervisors of San Francisco, his native city.

In 1956 he was ordained a Ruling Elder in the Presbyterian Church and from 1961 to 1963 he was Director of Education and Action for Peace of the Northern California Council of Churches. He was elected to the Council on Church and Society by the General Assembly of the United Presbyterian Church in 1965 and served until 1969. He has also served as Church and Society Chairman for both the North Coastal Area (now Synod of the Golden Gate) and San Francisco Presbytery. He also served on San Francisco Presbytery's Commission on Religion and Race.

He attended Reed College in Portland, Oregon, and San Francisco State College where he did graduate work in political science and international relations.

He was campaign director in Northern California for Senator Robert Kennedy in 1968 and held similar high positions in the 1966 campaign of Governor Edmund G. Brown and the 1964 campaign of President Lyndon Johnson.

He has traveled extensively in Eastern and Western Europe, Africa and Asia, as well as in Mexico and Canada.

He serves also as Staff Director of the Southern Africa Task Force of the United Presbyterian Church.

Mr. BEEMAN. Mr. Chairman, and members of the committee, my name is Josiah Beeman. I am the Director of the United Presbyterian Washington Office. One of my administrative responsibilities is that of being staff director of the Southern Africa Task Force of the United Presbyterian Church in the United States of America. I wish to thank you for the invitation to appear before you today, for the Southern Africa Task Force of our denomination has as one of its agenda priorities the question of American corporate investment in the white minority-ruled countries and colonies of southern Africa,

I personally share that concern, and it is my capacity as an individual that I appear before you today.

My testimony, however, is based on pronouncements adopted by the General Assembly of our denomination by a substantial margin; in a democratic process. The General Assembly, the highest governing body of our denomination, functions in a representative capacity. Its pronouncements on social issues, to which the Church has an obligation to speak, arising out of the historic tenets of the faith, are understood to be for the guidance and not as binding on the conscience of the constituent membership who remain free to address themselves responsibly to these issues as Christians and citizens.

The Southern Africa Task Force is an interagency task force created by the 181st General Assembly, 1969, of the United Presbyterian Church in the United States and its members are appointed by the Council on Church and Race, the Commission on Ecumenical Mission and Relations, and the Council on Church and Society. The task force has been charged with a wide range of functions concerned with racism in southern Africa and its implications for the struggle against racism in the United States.

I should like to share with you some information on the involvement of the Southern Africa Task Force with the question of American corporate activities in southern Africa and make particular reference to the recent Gulf Oil shareholders proxy effort which our task force initiated prior to the meeting of Gulf Oil shareholders on Tuesday, April 29, 1971, in Atlanta, Ga.

The 182d General Assembly of our denomination reaffirmed:

That we must determine what tools, what leverage or influence for good we have at hand, such as our own corporate investments and our legitimate access to government and world opinion, and we must unrelentingly advocate self-determination, justice and human development for all Africans and oppose colonialism, racism, and repression wherever these occur.

In Mozambique and Angola the anachronism of colonial government still persists. American involvement through corporate enterprises symbolizes the peculiar insensitivity of economic interests. Through investment in these areas they provide substantial resources for the support of Portuguese colonialist efforts designed to deny Africans self-rule. The powerful combination of overwhelming armed might and international financial alliances create de facto political alignments which are transparently inimical to the rights and aspirations of the majority of black Africans.

One of the primary goals of the task force, as its responsibility extends to examining U.S. corporate involvement in southern Africa and United Presbyterian boards and agencies investments in such companies, has been to address itself to companies that are involved in support of Portuguese colonialism. Portugal has the last colonies in southern Africa and the clear abhorrence of the American people and churches for colonialism of any kind, arising out of their own struggles against colonial masters in the Revolutionary War, has placed this issue high on the task force agenda.

It is in pursuit of that mandate from our general assembly that the task force recently caused to be initiated four proposals which were voted on at the recent annual meeting of Gulf shareholders.

If I may quote from the proxy statement prepared by the task force:

Specifically, the Task Force believes that the presence of the Gulf Oil Corporation as the largest U.S. investor, although not the only international oil company, in Portugal's African colonies contributes directly to the suppression

of the aspirations to self-government of the more than 13 million people in these territories. Gulf actively ahets the maintenance of the last major colonial empire in several ways:

Economically: Gulf payments to the Portuguese regime in Angola represent a significant percentage of the Angolan military budget.

Politically: Gulf oil discoveries constitute an incentive for continued Portuguese occupation.

Militarily: Gulf oil is an indispensable strategic material to the Portuguese Army, whose 130,000 troops forcibly preserve colonialism in Portuguese Africa.

For these reasons, the task force solicited proxies for four resolutions. The general purpose of these proposals was to make Gulf a more socially responsible corporation, and specifically to have Gulf withdraw from Portuguese colonial Africa. This withdrawal might involve an economic loss for Gulf and its shareholders. We believe, however, that exploitation of the natural resources of a country for the benefit of others, and the support of colonialism, are socially irresponsible. The task force feels a responsibility to try to change such policies. We do not argue that Gulf has been a partner in creating this colonial situation, but simply that its present investment helps perpetuate it.

Portugal today stands as an international anachronism ruling 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 revolted against overseas political control and exploitation.

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

African culture and traditions were treated with scorn by the Portuguese. After fighting broke out in March 1961, Portugal announced various reform measures. However, a number of the announced reforms have not been fully implemented and some are essentially meaningless. For example, all Africans were granted Portuguese citizenship, but, since the Portuguese franchise is dependent on literacy, the benefits of citizenship are limited, at best. 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 of Angola, Mozambique and Guinea-Bissau face conditions of poverty, illiteracy, and exploitation of labor. Political opposition in the colonies is crushed by censorship, restricted voting rights, severe limitations on union activity, and a highly effective secret police force, PIDE. The PIDE exploit their prerogative to detain anyone in prison for 6 months without charge or trial by releasing him after that period and rearresting him as soon as he steps outside the prison gate. There is no record of a judge going against the decisions on the PIDE according to the United Nations publication, "Objective: Justice."

The response in all the 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 approximately three-fifths of the small West African colony and in Mozambique, the Mozambique Liberation Front—FRELIMO—has been estimated to control one-fifth of the 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. I use "control" here to indicate the establishment of a governmental infrastructure and the provision of certain health, education, and welfare services to the local population.

Prior to 1961, Portugal maintained only a few thousand troops in the African colonies. Following the outbreak of fighting, troop strength was increased to 130,000. Slightly more than one-third of this increase occurred soon after the 1961 Angolan fighting, with the remainder taking place over the decade as the fighting spread. In 1968, more than 48 percent of Portugal's general government expenditure went for defense. Portugal is a poor country and these wars place a tremendous strain on her economy. This is one factor that forced her to open her African colonies to foreign investment in the mid-1960's. Such investment has provided capital and foreign exchange. It also brought with it the vested interest of Western companies in the maintenance of Portuguese colonialism.

Gulf's operation in Portuguese Africa is now apparently confined to the Angolan region of Cabinda; exploration ventures in Mozambique were apparently terminated in November 1970.

Cabinda was the site in 1966 of an important oil strike by Cabinda Gulf Oil Co., which has been described in official statements of the corporation both as wholly owned subsidiary and as an 80 percent owned subsidiary of the Gulf Oil Corp. Cabinda Gulf has been exploring a 10,000-square kilometer concession on and off the shore of Cabinda since 1954, although production did not begin until 1968. The area has reserves estimated at 300 million tons of crude oil.

By 1969, Gulf had invested \$130 million, with \$76 million more planned for an expansion program. Production in 1970 averaged approximately 84,700 barrels per day. The goal is to reach 150,000 barrels per day. Thus, Cabinda Gulf has the potential of being the fourth largest oil producer in Africa. To Gulf, Cabinda is seen as a major growth area in which the company has invested huge amounts to construct a petroleum port, a storage park, and a telecommunications facility.

Gulf's involvement supports the colonial system in several ways. First, its payments to the Portuguese and to their Angolan Provincial Government are a significant source of revenue. The Portuguese share of Gulf's Cabinda oil revenue comes from surface rent, income tax, 50 percent on Gulf's net profit, royalties, and the like. In 1968, when Portugal was faced with escalation of its colonial war on all fronts—Angola, Mozambique, and Guinea-Bissau—Gulf and Portugal signed a new concession agreement. Portugal's financial resources were stretched—and Gulf proved a reliable source for new tax money. The 1968 agreement provided for some payments to be made in advance of their anticipated due date. Under this agreement Gulf paid \$11 million in 1969, and will have paid over \$5 million for 1970.

Mr. Sheldon pointed out that their payments will amount to approximately \$30 million.

Second, 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. The Governor-General of Angola, Rebocho Vaz, has stated:

* * * (I)n the mechanized wars of our times, its (oil's) 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.

Third, 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.

Fourth, the Portuguese Government requires that all contracts with foreign investors stipulate allocations for construction of military barracks and payments for the defense of national property. In return, the Portuguese Government, fearful of jeopardizing an important source of oil and revenue, has contracted to “undertake such measures as may be necessary to ensure that the company may carry out its operations freely and efficiently . . . including such measures as may be necessary to prevent third parties from interfering with the company's free exercise of its contractual rights.” In short, Gulf has a military agreement with the Portuguese to protect its operation from the very African people who are fighting for independence and who deserve the benefits of Angola's resources.

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. Gulf statements tend to portray Portugal's colonial policy in a favorable light. 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.

B. R. Dorsey, the president of Gulf, pointed out in a speech on November 5, 1970, at the Columbia Graduate School of Business that:

* * * business has a responsibility to society that transcends the traditional business purpose of making money. This responsibility is to preserve the natural environment, and to do whatever can be done to enhance the social environment
* * * (M)aximum financial gain, the historical number one objective of business, today drops to second place whenever it conflicts with the well-being of society. The first responsibility of business, then, is to operate for the well-being of society.

We believe Mr. Dorsey's words apply to the long range well-being of African inhabitants of Portugal's colonies.

If Gulf Oil Corp. were to sever its ties and withdraw its support from colonially-controlled Portuguese Africa it would set a valuable precedent for social responsibilities among multinational corporations. Gulf would dramatically display its concern for ridding Africa of colonialism.

The task force believes that the shareholders of the Gulf Oil Corp. have a moral obligation to press their corporation to desist from such involvement regardless of the actions of other international oil com-

panies. The question for each shareholder to answer is whether he wishes his corporation—his invested funds—to continue to support the Portuguese colonial regime.

The task force therefore proposed the following four resolutions for shareholder consideration:

1. To establish a committee to examine Gulf involvement in Portuguese Africa.

2. To provide for disclosure of charitable gifts. The task force believes that through its gifts to charities, the corporation may be supporting various practices with which shareholders may disagree, and to which they should be able to respond in adequate discussion at shareholder meetings. For example, in 1969, Gulf made, and proudly points to, a special contribution of \$70,000 to the Mining Development Fund for the alleged purpose of supplying "technical training" to the people of Angola. This fund is administered from Lisbon by the Portuguese. The benefit of this contribution to native Angolans is therefore open to doubt. The facts should be subject to shareholder scrutiny. Then, if shareholders believe that such contributions help thwart the movement toward independence of the people of Angola, they might wish to recommend that Gulf also make charitable contributions to the medical and welfare programs of independence movements in the Portuguese colonies.

3. To enlarge the board of directors. The activities of a huge multinational corporation such as Gulf affect the lives and interests of millions of people, both in the United States and throughout the world: Its employees; the people who live in the States, nations, and territories where the corporation operates; the consumers of its products; those who, as merchants and dealers, supply the corporation with its needs and sell its products to others; and the public at large who are affected by the individual and industrial consumption of the corporate product. The task force believes that the board should be broadly representative of the corporations diverse constituencies.

4. To amend the corporation charter to exclude investments in colonially-ruled areas.

Proposal No. 1 received 2,125,949 shares voted in favor. Proposal No. 2 received 2,238,308 favorable votes. Proposal No. 3 received 1,136,156 votes and proposal No. 4 received 1,003,090 votes. While over 172 million shares were voted against our proposals, it is significant that over 4,300 shareholders voted in favor of one or more of our proposals, according to Gulf's own figures.

It would seem that there are a growing number of Americans who are responsible citizens and who hold substantial amounts of stock in American companies doing business in southern Africa who share the views of one Presbyterian pastor, owner of 50 shares of Gulf stock, who wrote Gulf Oil saying, "Proudly then, and with a prayer that this may be but the first step in freeing a whole nation and continent, I reaffirm the vote in favor of the four proposals on the proxy statement. I do not intend this to be a slap in the face of management, but only to plead with management to adopt additional yardsticks as they plan and carry on the work of our corporation. I would much rather have my dividends reduced slightly than to know that they were given me at the cost of some human freedom and dignity—even halfway around the world."

Thank you, again, Mr. Chairman, for the invitation to appear before your committee today.

Mr. DIGGS. Thank you very much, Mr. Beeman.

The gentleman from Iowa, Mr. Culver.

Mr. CULVER. I have no questions at this time, Mr. Chairman. Thank you.

Mr. DIGGS. I want to thank the gentleman for emphasizing the implications of Gulf's involvement in the economic system of Angola because I find constantly that this matter is overlooked. People talk about not interfering with the sovereignty of a nation and talk about everything but the problems that are generated by large corporate enterprises in these various areas, and I find it very difficult to get some kind of justification beyond the profit motive from business interests in this regard.

I noted, for example, that you state that Portugal has a right to buy a significant percentage of that oil. I recall asking Mr. Sheldon about the disposition of the oil once it is extracted, and he said that it all went to Western Europe, but Portugal has a right to buy it. They just haven't exercised that right.

Mr. BEEMAN. I haven't specific knowledge as to whether they have exercised that right, but I understand that they do have the right.

Mr. DIGGS. I am curious, also, about your fourth point here; the Portuguese Government requires that all contracts with foreign investors stipulate allocations for construction of military barracks and payments for defense of national property.

I recall specifically asking the gentleman if Gulf Oil Corp. according to Portuguese law was paying a defense tax, and he denied that they were paying any such tax. But you seem to indicate that there are substitute involvements here relating to the military.

Mr. BEEMAN. That is our understanding, Mr. Chairman. I think it would be worth inquiring at some point specifically of Gulf whether they have such a specific arrangement which would be in lieu of the defense tax.

Mr. DIGGS. Then your reference to the statement by the president of Gulf just this last November at the Graduate School of Business at Columbia, is most interesting, the comments that he made about the responsibility to the society transcends traditional business purposes of making money. Just how in your view do you square that with the complexity of Gulf Oil in the economy of Angola and how do you square that with their rejection, apparently, of contributions to the health and welfare of some of the people who have been affected by the liberation movement; that had nothing to do with military supplies but just their social responsibility. There seems to be some inconsistency here.

Mr. BEEMAN. I would certainly agree, Mr. Chairman. I think that is the issue. There is a grave inconsistency between what Mr. Dorsey has said is the policy of Gulf Oil and the Gulf practice in Angola.

I think it is also worth pointing out, with regard to the question you asked Mr. Sheldon earlier as to whether Gulf had said that they were there and that their money would help carry the cost of the military operations in Angola. I think in fact was a statement made by the Governor-General of Angola in the presence of the Reverend Lawrence Henderson, Secretary for Africa of the United Church of Christ. Mr.

Henderson is in Africa at this time and he spent in excess of 20 years in Angola. He personally was a witness to an address by the Governor-General of Angola, who said—I don't have the precise quote but I am sure I am substantially correct—

We are looking forward to Gulf's presence in Angola because while we are presently carrying the heavy tax burden required by fighting off the liberation movements, when Gulf's revenues and royalties begin to come in, they will then pay for the bullets needed to protect us from liberation movements.

I personally reject the contention that Gulf is not politically involved in Angola. Certainly if a question of oil depletion allowance came up here in the United States, I think that Gulf would be up to this hill very quickly involved in support of specific political actions in one direction or another, and I think we could guess what direction that would be.

I think the same is true in Angola. Gulf's presence does carry with it quite clear political connotations. If there were no oil company there providing royalties to the Government of Portugal, it would not be able—or would find it increasingly difficult at best—to maintain military rule over the people of Angola.

And to deal with the argument that other companies would come in, I think other companies would be loathe to come in to a situation where the political instability was such that Gulf felt that it had to withdraw. Whether they would or would not, however, begs the essential question, which is that we believe American companies should not be involved in southern Africa in support of colonialism.

Mr. Diggs. Are you aware of any other oil companies operating in Angola?

Mr. BEEMAN. There are others. I can look up the names but I think there are others that are involved in both exploration and in development. I think Gulf itself has indicated who those are.

Companie Francaise des Petroles, Texaco, Petrangal and Angol. There are four other companies operating in Angola but Gulf is the sole concessionaire.

Mr. Diggs. But if Gulf withdrew, is it not logical to assume that these other companies would move into that void?

Mr. BEEMAN. I think at least two of those companies are Portuguese oil companies, and I don't know what the extent of the operations are of the other two companies, Texaco and Companie Francaise. But I think there are other precedents to indicate that might not be the case.

Portugal, of course, is very interested in developing the Cabora Bassa Dam in Mozambique. The Government of Italy and the Government of Sweden, if I remember correctly, have indicated that they will not stand behind—and in the case of Sweden have officially banned—the participation of companies in their countries in the project for the reason that this is in support of Portuguese colonialism.

I think such an action on the part of our own Government in support of the U.N. resolutions would be a helpful thing in terms of discouraging U.S. involvement in the Portuguese colonies. I think with that kind of leadership on the part of the United States and the kind of persuasion that we could exercise with our allies, Britain and France and other NATO countries who have the main oil companies investing in those areas, we could make a credible policy of discouraging continued Portuguese interest in those areas. It is quite obvious that their in-

terest is very much tied to their ability to exploit those areas and to produce capital that supports the home country, Portugal. If that capital is not being provided, Portuguese interest in maintaining control over those territories would, obviously, be diminished since they are spending such a high percentage of their budget on trying to keep control of them.

Mr. DIGGS. Speaking of the Cabora Bassa Dam, I assume you are aware that General Electric has withdrawn its request from Ex-Im for financial assistance and guarantees.

Mr. BEEMAN. No, I was not aware of that, and I think that is certainly welcome news.

Mr. DIGGS. This has just happened within the last 48 hours or so.

Mr. BEEMAN. That is indeed good news.

Mr. DIGGS. That seems to reflect at least a different kind of corporate feeling of responsibility for involving themselves in these political matters of political implications.

The gentleman from Pennsylvania?

Mr. FULTON. I will carry on with the questions, if you would like to go.

Mr. DIGGS. I might say to the audience we have one more witness that is here and I will be right back.

Mr. FULTON. As we are fellow United Presbyterians, we can, therefore, agree or disagree as we wish; is that not right?

Mr. DIGGS. I have delegated that authority to you, Mr. Fulton.

Mr. FULTON. You are a member of the United Presbyterian Church, yourself?

Mr. BEEMAN. Yes, sir.

Mr. FULTON. What is your background?

Mr. BEEMAN. I was a native of San Francisco, Calif. I was born and raised and educated in that community. I was on the staff of the Northern California Council of Churches for several years.

Mr. FULTON. You are not a minister; are you?

Mr. BEEMAN. No; I am a ruling elder.

Mr. FULTON. Where are you a ruling elder?

Mr. BEEMAN. Presently a member of the New York Avenue Presbyterian Church in Washington, D.C.

Mr. FULTON. I don't want to quote you wrongly, but I took a note that you said, I believe, "Our U.S. Government support of revolutions," meaning in Africa, "would be a very beneficial thing."

Mr. BEEMAN. I don't think I said that.

Mr. FULTON. Would you amplify, then, what you said, what you meant about what kind of support our Government should give to these movements?

Mr. BEEMAN. I said resolutions, Congressman Fulton. I was speaking of the United Nations resolutions discouraging investment by other countries, in the colonies of southern Africa.

Mr. FULTON. I was going to say that you looked like a rather harmless revolutionary to me.

Mr. BEEMAN. My only connection with revolution is my membership in the Sons of the American Revolution.

Mr. FULTON. I might say on my own background that I am a United Presbyterian, as my people have been before me. I am the grandson of a Presbyterian preacher, and I am the son, now deceased, of the former treasurer of the United Presbyterian Church nationally, who was also

a banker. So that I have a broad interest, and I hope an unbiased interest. I am one of those people who believe the increasing politicizing or politicalization of churches is a tragic mistake. I believe the churches have enough to do without getting involved in problems that are really beyond their jurisdiction in trying to change forms of government by actions of a church body, either at home or abroad in any other than a democratic fashion. So that I am one of those United Presbyterians who does not support any movement by anybody of the United Presbyterian Church that would by means of force overthrow any government abroad nor assist any one of the three groups in Angola who would do so. So I want you to know my background.

Now, then, you had spoken about the amount that Gulf had paid, of course, in its 12½-percent royalties, and, likewise, I guess to the job holders as supporting the economy. I believe that that does support the progress and the economy of the people of Angola and I am very glad they are doing it.

Now, there has been quite a discussion as to whether we should help the people behind the Iron Curtain or in dictatorship countries so that they, too, can progress, get educated, hold better jobs, and then by that means have a whole world progress.

The reverse of that coin is that we shut the whole world off into compartments and then have walls of various types from steel walls to nylon walls to bamboo walls to iron curtains, if you will, and I don't like to use the phrase, separating the peoples of the world.

I am one of the two who early on the matters of foreign affairs, the other one was Congressman and then later President John Kennedy, who feels that the progress of the world's peoples is paramount and that we in the United States should work for the progress and the development of the resources of the world, wherever they are, on a fair basis, and through private enterprise with Government assistance where needed.

Do you agree with that?

Mr. BEEMAN. I think it is quite clear that we would be in total accord with the development of the economic welfare of all of the peoples around the world, and we, like you, oppose any kind of barriers that are built between peoples or between nations, on whatever grounds, whether they are economic systems or political convictions, just as we are concerned about the freedom and dignity of our brothers around the world. Just as we would be concerned about, for instance, the Soviet invasion of Czechoslovakia, even though those are two countries under economic systems that we do not necessarily support, we would be concerned about the imposition of rule by the Government of Portugal upon the people of Africa.

Mr. FULTON. Do you, therefore, as a church oppose trading or commerce of any kind with any Communist country, whether it be U.S.S.R., Eastern European countries, or China, or Chile, or would you trade with them?

Mr. BEEMAN. Our general assembly has encouraged trade over the history of our denomination's interest in those questions. We have encouraged trade with China. We have encouraged trade with the Eastern European countries. We have taken no position on trade with Chile and we do not discourage trade between Portugal and the United States.

Mr. FULTON. Then what do you mean your position is when we find a company like Gulf that disclaims any political involvement or any political activity whatever and shows on the record, without any objection or refutation, that they are educating these people, paying them well, developing the capacities and particularly emphasizing the people of color?

Mr. BEEMAN. I think, Congressman Fulton, the issue is not Gulf's contribution to the economic development of Angola or Cabinda. The issue is that Gulf is in fact helping to maintain Portuguese rule over the people of Angola. It has paid them over the 14-year history of Cabinda Gulf Oil Co., according to Mr. Sheldon's figures, \$30 million. If you want to do a mathematical formulation, 48 percent of Portuguese expenditures are spent on defense spending primarily to keep the people of Angola and Mozambique in subjugation to Portugal. Gulf, in effect, is providing \$30 million of that 48 percent for that very purpose. It is Gulf Oil payments to Portugal in part which help Portuguese arms prevent the independence of those people.

Mr. FULTON. Do you know that the Government of Portugal has the policy at the present that there is an incentive to the application of local savings by way of investment in the territories within which the savings are made? The policy now is that the capital raised in these overseas parts of Portugal is applied exclusively to investments in the respective provinces?

Second, that any bond issues that are issued by those provinces are then used for the benefit of the particular provinces and all of the proceeds of those bond issues go in for the economic development of that individual province? Did you know that?

Mr. BEEMAN. No; I was not aware of that.

Mr. FULTON. Did you know that at present in Portugal, as you have heard me say before as to the number of children being educated, that 45 percent is the school-going ratio of school-going population at the present time? Did you know that before?

Mr. BEEMAN. No; and I think the point is that they are being educated at the expense of the national resources of the people of Angola.

Mr. FULTON. I am talking about Angola now.

Mr. BEEMAN. Oh, you said Portugal.

Mr. FULTON. You are correct. Inadvertently I said Portugal, but we are talking of Angola. So that this figure is in Angola.

There are 500,000 children in their school system at the present time, and they are divided differently there. It is the primary grade, secondary education, intermediate, and medium, and the higher education fields.

Did you know that when you made your comment that citizenship based on literacy was a restrictive franchise so that the benefits of citizenship are limited at best?

Mr. BEEMAN. I think it would be interesting, sir, if you would request the Government of Portugal to inform you as to how many of the citizens of Angola are franchised. I think that would be an interesting determination of the test of efficacy of the Portuguese governmental system.

Mr. FULTON. That is certainly right, and I think we should likewise look at the trouble we have had since 1954 getting our U.S. citizens franchised in places where the Presbyterian Church is very strong.

Mr. BEEMAN. I would say amen to that.

Mr. FULTON. Where the Presbyterian Church has not supported the support of the U.S. franchise by any political movement at all.

Mr. BEEMAN. I know that, and I regret it.

Mr. FULTON. They kept their hands off in the south where the Presbyterian Church gets good collections. Why don't they keep hands off in Angola?

Mr. BEEMAN. I don't think we should keep hands off in the south.

Mr. FULTON. I would recommend the same policy. I have been a member of the Foreign Affairs Committee for a number of years and I have enjoyed the service. I have favored the progress of the world's people everywhere. I have favored U.S. foreign aid and have heard the officials of the United Presbyterian Church and the Presbyterian Church then come before our Foreign Affairs Committee and strongly support U.S. foreign aid legislation. You have supported it through the years, have you not?

Mr. BEEMAN. Yes, that is correct.

Mr. FULTON. Second, you have supported as a church, and you individually have supported the North Atlantic Treaty Organization to stop aggression from any direction against Europe, have you not?

Mr. BEEMAN. I am not personally aware of that. It may be the case.

Mr. FULTON. Do you favor NATO, very plainly?

Mr. BEEMAN. Do I favor NATO?

Mr. FULTON. Or would you disband it?

Mr. BEEMAN. Well, it is my own personal judgment that many of the functions that NATO historically may have served over the years have become outmoded and that the relationship between the countries of the North Atlantic Alliance as reflected in NATO need to be changed in this day and age.

Mr. FULTON. When you say there should not be the military defense of Europe, you leave me, and I hope you are not speaking for the United Presbyterian Church.

Mr. BEEMAN. No, I did not say there should not be military defense in Western Europe. I have personal doubts about the structure of NATO.

Mr. FULTON. Well, that is you, personally, but certainly not the church.

Mr. BEEMAN. To the best of my knowledge, our denomination has never taken a position on the advisability or inadvisability of NATO. I could research that.

Mr. FULTON. Will you supply that for the record?

Mr. BEEMAN. Yes, sir.

(The information referred to follows:)

A survey of General Assembly pronouncements of the United Presbyterian Church in the U.S.A. shows no pronouncements endorsing NATO.

Mr. FULTON. The denomination, however, to my own knowledge, and your knowledge, has favored economic and military aid abroad year after year, is that not correct?

Mr. BEEMAN. Certainly economic aid.

Mr. FULTON. And military aid as well, because I have heard them testify to it. When you compare Gulf to what the U.S. Government and American taxpayers and U.S. Congress has done on supporting the regime in Portugal from fiscal year 1950 to fiscal year 1970, the U.S. taxpayers have contributed \$534.4 million for the maintenance

of the Portugal Government military establishment. Did you know that?

Mr. BEEMAN. No. I was aware it was a fairly substantial amount of money.

Mr. FULTON. Has the denomination complained about that?

Mr. BEEMAN. No, it has not, to the best of my knowledge.

Mr. FULTON. Why not?

Mr. BEEMAN. That is a good question, sir.

Mr. FULTON. Did you know in fiscal year 1970 alone in U.S. military aid to Portugal the U.S. Government, with the approval of the Congress, the President, and the taxpayers paying the bill, gave \$1.3 million for the Portuguese military establishment?

Mr. BEEMAN. I was aware that it was in the vicinity of \$1 million.

Mr. FULTON. For military aid?

Mr. BEEMAN. Yes.

Mr. FULTON. On the question of your interest in Angola, I come from a family that has had several missionaries serving abroad. Has there been any United Presbyterian missionary in Angola?

Mr. BEEMAN. Not in recent years. I could certainly go back and check.

Mr. FULTON. Not in your lifetime, or my memory. Is that not right—zero?

Mr. BEEMAN. I could not say that was correct of my own personal knowledge.

Mr. FULTON. Will you look it up and have the church advise us?

Mr. BEEMAN. We will certainly do that.

(The information referred to follows:)

The United Presbyterian Church in the U.S.A., to the best of our knowledge, has never had missionaries located in Angola.

Mr. FULTON. Why does the United Presbyterian Church take the lead in this matter rather than act in conjunction with other churches?

Mr. BEEMAN. I am going to answer that, Congressman, because I think it is a fair question and I did not include it in my testimony, that this particular effort was endorsed by the United Church of Christ which does have large numbers of missionaries in Angola under the comity agreements which have been enacted historically. As I am sure you are well aware that while there were no United Presbyterian missionaries in Angola the United Church of Christ has missionaries there and their Council for Christian Social Action has endorsed this effort. Also, the executive council of the Episcopal Church has endorsed this particular effort.

Mr. FULTON. They did not enter into any proxy fight, did they?

Mr. BEEMAN. They certainly did support this proxy fight. It was initiated by our task force. They endorsed it.

Mr. FULTON. How much stock in Gulf Oil Co. is held by the churches of the United States and, particularly, by the United Presbyterian Church in the United States or any trust on their behalf?

Will you please put that in the record?

Mr. BEEMAN. It is my impression, according to the latest figure I had, that the national boards and agencies of the United Presbyterian Church own approximately 16,700 shares of Gulf Oil stock.

Mr. FULTON. Are you returning the dividends as tainted money either to the corporation treasury or to the U.S. Government or to the U.S. foreign aid programs for economic development?

Mr. BEEMAN. No, we are not. The suggestion has been made that perhaps the proceeds from that stock might well be contributed to the humanitarian and educational programs of the liberation movements.

Mr. FULTON. As I recall, being from Pittsburgh, the Mellon family has had a controlling interest in the Gulf Oil Corp., a Presbyterian family, and they, I would imagine, largely through Gulf stock, gave \$4 million for the East Liberty United Presbyterian Church, to the Presbyterian Church. Have you offered to return that so-called tainted church money?

Mr. BEEMAN. No, the national agencies, as I am sure you know, sir—

Mr. FULTON. Well, I think you should if it is so tainted, isn't it better to get rid of it. Don't on one hand take the benefits and on the other stand up on a soapbox and declaim about the morality of the body.

Mr. BEEMAN. I am sure you know, sir, under Presbyterian policy the national agencies do not own the local church property. That belongs to the corporation of the local church.

Mr. FULTON. Has the national body recommended to the local church to pay back the money?

Mr. BEEMAN. No, we have not. I am not sure they necessarily would welcome such a proposal.

Mr. FULTON. You have brought up other church activities in Angola. I would like to know if you could put in the record the activities of U.S. voluntary agencies and charities as well as church bodies in Angola. In that connection, because you brought it up, what is the extent of church financial support for Angola-Mozambique nationalist groups? Is your church, our church, or any other church, contributing to these so-called nationalist groups in either Angola or Mozambique?

Mr. BEEMAN. I am not aware of the financial activities of other—

Mr. FULTON. Would you supply that for the record?

Mr. BEEMAN. Well—

Mr. FULTON. If there are such funds, what control does the particular church body hold over the expenditure of those funds?

Mr. BEEMAN. As I have no access, the committee would have better access to the financial records of other denominations.

Mr. FULTON. Well, if you would then please put it in for our United Presbyterian Church.

(The information referred to follows:)

STATEMENT OF THE TASK FORCE ON SOUTHERN AFRICA OF THE UNITED
PRESBYTERIAN CHURCH, U.S.A.

The United Presbyterian Church, to the best of our knowledge, has never made any direct contributions to the support of the health and welfare programs (educational, medical, scholarships, etc.) of the liberation movements in Angola.

We have made direct contributions to the health and welfare programs of FRELIMO, the principal liberation movement in Mozambique and to the Mozambique Institute which is related to FRELIMO. The Mozambique Institute operates schools, hospitals, etc. in Tanzania and in Mozambique and is approved by the government of Tanzania.

Mr. FULTON. Would the church body which you represent support active revolution of violent activities to achieve separatists or independent aims if everything else fails in Angola?

Mr. BEEMAN. I think, sir, just as one of our Presbyterian antecedents, a gentleman by the name of Rev. Jonathan Witherspoon, a name

I am sure familiar to you as a founder of Princeton—he was the only clergyman who signed a document called the Declaration of Independence which said “when in the course of human events it becomes necessary,” et cetera. In our own country, which was founded by violent revolution, overthrowing what we regarded to be an unjust and oppressive colonial master, there were many church people who were in the forefront of that effort to achieve independence. So in that sense I would say that we would support, or I would support—

Mr. FULTON. No, you must speak for the church now. Would the church body support in Angola a violent revolutionist movement?

Mr. BEEMAN. I think that the pronouncements of the general assembly of our church are generally consistent with and sympathetic to the efforts of the people of Angola to achieve their independence, hopefully nonviolently, but as a last resort that they do have the right to seek by revolutionary means to overthrow the colonial government.

Mr. FULTON. You must remember that I did not paint you into that corner as a revolutionary. I didn't ask you that question.

Mr. BEEMAN. That is correct.

Mr. FULTON. Would the same position be taken by the United Presbyterian Church in another area? I recall that the stated clerk of our church, which is the head elected officer of the body, had been picketing before the White House. What was he picketing for?

Mr. BEEMAN. He was not picketing. He was fasting in front of the White House and I hesitate here, to speak for him, but as I understand what he was doing, he and the Episcopal Bishop of Pennsylvania, the president of LaSalle University in Pennsylvania—

Mr. FULTON. What was our church head doing?

Mr. BEEMAN. He was exercising, in my judgment, his right as an American citizen to fast outside of the White House as an effort on his part to demonstrate the importance of the American people repenting for their involvement in the war in Indochina.

Mr. FULTON. So that he was opposed, then, to the further upholding or sustaining of the present Thieu government in South Vietnam, is that putting it in simple terms?

Mr. BEEMAN. I don't believe that he has ever said that. I think he has said quite explicitly that he is opposed to the continued involvement of the United States in the war in South Vietnam.

Mr. FULTON. How many different nationalist groups are there in Angola? Also if you will give that to me in Mozambique, if you know.

Mr. BEEMAN. To the best of my knowledge—

Mr. FULTON. I hope we are not going to qualify, I believe, to the best of my knowledge. If you will just say what you know.

Mr. BEEMAN. Well, that is what I would like to say, sir. The movements that I am personally aware of in Angola are GRAE, UNITA, MPLA.

In Mozambique FRELIMO and COREMO are the two movements I am aware of, FRELIMO being far and away the greater movement.

Mr. FULTON. As I understand it, the MPLA and FRELIMO are deemed by the church to be more worthy of support than other groups operating locally in this territory; is that true?

Mr. BEEMAN. That is not a judgment that our denomination has made.

Mr. FULTON. So that the denomination had made no judgment among the dissenting groups?

Mr. BEEMAN. I think that is correct, sir.

Mr. FULTON. Do the dissenting groups have differences in policy which should make a difference in judgment worthwhile, for example, Communist connections?

Mr. BEEMAN. I could not answer that question because I do not know what kind of connections various kinds of movements have.

Mr. FULTON. Are any nationalists being trained in Angola or Mozambique by Russia or China?

Mr. BEEMAN. I do not know that.

Mr. FULTON. Are there any attempts by any Communist nation or party to overthrow the present regime in Angola?

Mr. BEEMAN. I am not aware of the existence of a Communist party in Angola.

Mr. FULTON. Did you know that in Angola, when we have 500,000 children going to school and a ratio of school population of 45 percent, that is tremendously above the average in the other countries of South Africa, if you take the average?

Mr. BEEMAN. I will accept your figures, sir. I did not know that.

Mr. FULTON. You have heard the testimony on the fact that the Gulf Oil Corp. employs many more blacks than whites and has absolutely no discrimination in its employment practices in respect of job categories. Do you believe that to be a fact? Does the church accept that as a fact?

Mr. BEEMAN. I would personally be interested in some further interpretation of the figures that Mr. Sheldon provided if, in fact, and I did not write them down as he was reciting them, of the 175 nationals that were employed by Gulf of Cabinda at the present time, he indicated about 130 of them were born in Portugal, yet about 50 percent, he said, of the personnel were black and white. I would be interested as to whether or not, and I—

Mr. FULTON. Could we do this, with the Chairman's permission? We would ask Gulf to give a more detailed explanation of their personnel policies? I think that would get us the information directly.

Mr. DIGGS. Fine.

(The information referred to follows:)

CABGOC EMPLOYMENT

SALARY, RACE, IDENTIFICATION OF TERRITORY NATIONALS

(This excludes the 125 white Portuguese employees born in Metropole and the 55 white expatriate employees; all holding scientific, legal, and financial management positions.)

Grade ¹	Salary (annual)	Racial number
Grade 3 (assistants to watchman, driver, etc.)	\$1,210	1 white, 6 nonwhite.
Grade 4 (watchman, driver, carpenter, etc.)	1,738	2 white, 3 nonwhite.
Grade 5 (typist, watchman plumber III, etc.)	3,464	1 white, 10 nonwhite.
Grade 6 (geologist helper, plumber II, draftsman)	3,762	5 white, 2 nonwhite.
Grade 7 (geologist assistant, programmer assistant)	4,010	3 white, 5 nonwhite.
Grade 8 (geophysicist assistant, draftsman I, surveyor II)	4,832	4 nonwhite.
Grade 9 (cashier, surveyor I, head unit assistant)	5,486	1 nonwhite.
Grade 10 (team head, unit head, senior draftsman)	6,136	Do.
Grade 11 (accountant, analyst II, airplane pilot)	7,329	1 white.
Grade 12 (geologist, auditor, analyst I)	8,853	Do.
Grade 13 (superintendent I, geophysicist)	10,331	1 nonwhite.

¹ Titles under grades represent the types of jobs in that grade classification.

Note: Totals—33 Negro employees; 14 white employees of territory employment, with a salary range from \$1,210 at the unskilled level to \$10,331 at the trained, managerial, professional level.

Mr. FULTON. Is the Catholic Church active or associated with the Protestant denominations on the support of your position on Angola?

Mr. BEEMAN. I think it is worth noting, Congressman, that the International Affairs Committee of the United States Catholic Conference about 3 weeks ago, for the first time indicated that on the part of the committee and the conference a growing concern about the nature of American corporate involvement in the minority-ruled countries of southern Africa and its implications for those areas. I don't have the specific wording in front of me but I would say that it is probably not inaccurate but reasonably fair to say that they would be generally supportive of this particular kind of concern. Certainly the Dominican Order of the Sisters of Holy Cross, one of the Catholic orders, informed us they voted in support of the proposal that appears on the Gulf Oil proxy statement.

Mr. FULTON. As I recall my history, the Pope supported the expansion of Portugal.

Mr. BEEMAN. Yes, I think it is also fair to report that the Pope within the last year received the heads of the three African liberation movements in Angola, Mozambique and Guinea-Bissau. So perhaps there is some change taking place there as in our own denomination.

Mr. FULTON. But you are not inferring that the Pope had engaged in a proxy fight in Gulf Oil Company?

Mr. BEEMAN. No. I wish he had!

Mr. FULTON. Let us go to this point of development. When the United Presbyterian Church is willing to trade, do business, and extend credits for commerce and development purposes in U.S.S.R., Eastern European countries, and Red China, and recommends the expansion of such contacts, why do you then recommend that just one company among others in Angola get out?

Mr. BEEMAN. I think we do not limit our concern, Congressman, to the one company. I think the fact of the matter is that Gulf is the largest American investor in Angola and I think there is clearly some symbolism attached to that fact that they are the biggest American company. We would certainly agree with your suggestion that all American companies ought to withdraw.

Mr. FULTON. No, I did not say that all should withdraw. I am in exactly the opposite point of view. I want an open world and I want the peoples of the world to progress, even in spite of the governments that might oppress them at the current time. So that I am willing to help the people progress, and I think that our U.S. business is a very great element, along with education, in our United States progress and success.

Mr. BEEMAN. No question about that.

Mr. FULTON. Therefore, if it has worked so well for us in our industrial system, why shouldn't it work well for others and other peoples abroad, even though the governments are oppressive?

Mr. BEEMAN. I think it would work better for the people in Angola if all of the resources that came out of the production of Gulf presence in Cabinda went to benefit the people of Angola and not to the benefit of the Government of Portugal.

Mr. FULTON. I have explained to you the new policy of the Government of Portugal, that the resources of their funds that are province funds are then to be used for the progress of that province alone and

that any bond issues that are issued by the particular province are to be used for that province alone. They don't go back to Portugal.

Mr. BEEMAN. Personally, sir, as you know and I know, there are many a gap between the announced policy of the Government and the practices that it pursues. I would be highly skeptical of any contention on the part of the Portuguese Government that the revenues from Gulf Oil remain solely and exclusively in Angola for the benefit of the people of Angola and are used solely for expenses that are concerned with enhancing the education, welfare, and health of the people of Angola. I would be very skeptical of that claim on the part of the Portuguese Government.

Mr. FULTON. When the U.S. people are putting in \$317.9 million total in a 10-year period for the military aid for the Portugal Government, and there is an American company in one of the provinces who has simply in total payments made a \$30-million contribution, which is the usual course of business, I believe that you are picking at the fly spot and forgetting the elephant. This is U.S. foreign policy which you are opposing.

Mr. BEEMAN. You mean in terms of the United States providing support for the Portuguese Government? Our denomination has not taken a position on that. I personally oppose such support; yes, sir.

Mr. FULTON. Well, it hasn't through the years, because I have sat here at this Foreign Affairs Committee and heard year after year the United Presbyterians and all of the Protestant as well as Catholic denominations and Jewish as well come in here and strongly support U.S. foreign aid both economic and military for the defense of the free world including Portugal.

Mr. BEEMAN. I have not read that testimony recently, sir, but I think I could state that certainly it has been the general thrust of the testimony of our denomination that we support economic aid and I know in recent years have called for reduction in amount of military aid that we provide, which has all too frequently been at the expense of economic aid.

Mr. FULTON. There has been no resolution of the United Presbyterian Church of the United States to withdraw from NATO?

Mr. BEEMAN. That is correct.

Mr. FULTON. Nor has there been a resolution that the United States refuse to supply funds to NATO?

Mr. BEEMAN. That is correct.

Mr. FULTON. And it was well known at that time and at all times that the military funds for NATO included for the fiscal 1950 to 1970, \$317.9 million, and that the current year, as I have spoken, fiscal year 1970, \$1.3 million?

Mr. BEEMAN. That is correct, and I think that is a perfectly legitimate and valid criticism of our failure to speak out earlier on these questions and this kind of support in a more vigorous fashion than we have today.

Mr. FULTON. I am not recommending that you do because I support NATO and the defense of the free world, both economically and militarily. And I don't believe that you are inferring that you speak for the United Presbyterian Church when you seem to infer that the policy will change.

Mr. BEEMAN. You are speaking of the policy regarding NATO, sir?

Mr. FULTON. The policy of the United Presbyterian Church toward U.S. foreign aid, as well as economic and military aid.

Mr. BEEMAN. I will be happy to submit for the record that we have called for the decreasing of the amount of military aid and for the increasing of the amount of economic aid.

Mr. FULTON. Have you checked on the amount of investment of Portuguese capital in Angola and Mozambique? Can you tell us the amount that has been put in in developing the railroads or the harbor in Angola?

Mr. BEEMAN. No; I cannot tell you that, sir.

Mr. FULTON. Or the school system?

Mr. BEEMAN. No; I cannot tell you that.

Mr. FULTON. Or housing? Can you give us the percentage of the expenditures of Portuguese foreign aid? For example, did you know that education, of Portugal's foreign expenditures, absorbs 23 percent, health programs absorb 11 percent, and housing or habitation absorbs 8 to 9 percent? Did you know that?

Mr. BEEMAN. No, if those are the figures, I would be willing to accept them. I think the other factor is that the balance of about 48 percent goes on military expenditures.

Mr. FULTON. And a good portion of which the U.S. Government finances?

Mr. BEEMAN. That would be my guess, unfortunately.

Mr. FULTON. The point I am trying to come to is I think we have to be fair in our judgments. I hope that the United Presbyterian Church the next time it makes a statement will not paint a wholly black picture but will show a balanced, reasonable, factual look at the whole situation so that we can pick out on this subcommittee the good points, the bad points, and then make policy on a broad basis.

I would criticize the church body as a member of the United Presbyterian Church for presenting what is to me a one-sided, and if I use the word slanted, I do not mean slanted in the sense that you don't believe in it, but certainly slanted in one direction, rather than an overall impartial look which a church body should make.

My other criticism is that I wish at some point the churches would begin paying attention to church business and getting us all to heaven and stop getting into all these political fields that are really putting them in the position of, while maybe not backing revolutionary violent change, nevertheless encourage it. I think there can be progress and change by peaceful means by education, by taking time. I think that Angola by educating 500,000 young people in her system is going to get an educated body of citizens that, if we will simply have patience, many of these problems can be worked out.

I believe that the wars of this world are caused by the requirements of some statesmen and some people with high and noble purpose, for instance, for instant solutions. When it takes time to work out these tremendous problems and crises, they are unsatisfied. Then say, as you have repeated, that you are a member of the Sons of the American Revolution and, therefore, that if it comes to an extreme, that that particular type of approach or activity should not be excluded.

In conclusion, you can see while we disagree, we disagree in a friendly fashion, but, nevertheless, complete disagreement.

Mr. BEEMAN. I thank you, Congressman, for your candor. I would want to say that if there were any indication that the Government of Portugal had any intention of moving the people of Angola toward independence, then we would have one set of circumstances. But I think it is quite clear that the Government of Portugal has no intention of moving Angola toward independence and indeed has tried to make very clear that Angola is a province of the country of Portugal rather than a colony. And so we then have an overriding consideration which is that it is not relevant to the welfare, the independence and freedom, or the human dignity of the people of Angola to assist the Portuguese to continue to maintain them in a state of subjugation. Portugal could spend 99 percent of its money on education, on hospitals and schools but the real question is, as we knew in our own country when we fought for our independence, not how much could we economically benefit from the presence of the Portuguese, but whether or not we have the right to determine our own future.

I personally do not believe that Portugal has any intention, and the evidence is strongly in that direction, of granting the people of Angola their independence and, thus, the people of Angola believe they must take that independence just as we did ourselves 200 years ago.

Mr. FULTON. There is an independent movement in the Commonwealth of Puerto Rico. Does the United Presbyterian Church favor that independent movement?

Mr. BEEMAN. We have not taken any kind of a stand on that particular issue. It is my belief that at this point that a majority of the people of Puerto Rico do not desire to dissolve the relationship between the United States and Puerto Rico. I believe that a majority of the people of Angola do desire to dissolve the relationship between Angola and Portugal.

Mr. FULTON. This is a supposition. You must remember, under Portugal, citizens of Portugal are citizens whether they are at home or abroad or whatever color they are. Those of us who have been many times to these countries know what a mixture the Portuguese people are. We must remember, too, that the stated policy of the Prime Minister of Portugal, Professor Marcelo Caetano, when he did make his trip in 1969 to Angola and Mozambique, was "All of us are Portuguese equal in the face of the homeland and equal in the light of the law."

I am against colonialism and have always been voting against it. But colonialism is different than having a country that is divided. I have favored Pakistan, a divided country. It is not geographically contiguous.

I have voted for making Alaska a State and also the Hawaiian Islands a State. And these are part of the United States, not geographically contiguous.

As a matter of fact, it was my resolution that authorized President Truman to take the United Nations trusteeship under the Security Council for the former trusteeship of Japan on the Trust Islands of the Pacific, 3 million square miles.

Now, there is quite a difference between colonialism and colonial actions and the citizens of a geographically separated country.

Mr. BEEMAN. I would agree with that, sir. I think the question, though, is who determines that issue. I think France, as you are well aware, tried to cope with the problem in the same way that Portugal

has tried to cope with the problem in Angola, that is, by making Algeria a province of France. It is also quite clear that a majority of the people of Algeria did not believe they were a part of France and thus fought until they gained their independence.

My guess would be that a majority of the people of Angola feel the same way and that Portugal cannot simply by fiat of its own government make the people of Angola citizens in the real sense of Portugal when they rather desire to be citizens of Angola.

That may or may not be the case in Puerto Rico. I think time will tell.

Mr. FULTON. Of course, you realize this subcommittee cannot base U.S. foreign policy on the guess of any individual or group of individuals. The point I would make is, independence should guarantee freedom, voting, equal rights, equal progress. But on the independent movements in other African countries, not exclusively but almost a general rule, it has resulted in a military dictatorship and the suppression of rights. Has it not?

Mr. DIGGS. With the gentleman's response to that, could that wind up this dialog out of respect to our next witness?

Mr. FULTON. Yes, I will be glad to.

Mr. BEEMAN. There are many countries in Africa who have gained their independence who obviously do not exist under military dictatorship. Certainly Zambia is one example that occurs to me. Tanzania, another. I think there are many countries where that is a rule.

Mr. FULTON. I would say the rule has been the reverse. At this point of development until the people are educated, that it has ended when there have been these violent revolutions in military dictatorships in many African countries and that is what concerns me on Angola.

Thank you, and you have been a good witness.

Mr. DIGGS. Thank you.

Mr. BEEMAN. Thank you, sir.

Mr. DIGGS. The Chair would like to call on Mr. Charles Hightower, American Committee on Africa, who has appeared before this subcommittee in connection with many African concerns.

STATEMENT OF CHARLES HIGHTOWER, WASHINGTON DIRECTOR, AMERICAN COMMITTEE ON AFRICA

Mr. HIGHTOWER. Thank you, Mr. Chairman.

We have been, as you know, for over two decades very concerned with American corporate involvement in southern Africa, South Africa, particularly.

For the last two decades, the American Committee on Africa has endeavored to persuade the architects of U.S. foreign policy to adopt a position with respect to South Africa of disengagement and isolation because of the apartheid system of that country.

During the same period, our committee has supported the movements for African liberation in the Portuguese colonies of Angola, Mozambique, and in Guinea-Bissau.

Today, we make this public testimony before this body of the Congress in order to sound the alarm about American involvement in the economy of South Africa.

From Sharpeville in 1961 where 67 African men and women were killed by South African police for holding a nonviolent demonstration against the passbook laws until this time, the corporate investment of U.S. business has bolstered the South African economy.

In automotive production, in mining and manufacturing, and in research and development, some 375 U.S. corporations doing business in South Africa, have contributed to the economic growth of that country. But the issue of American involvement in South Africa is larger than the Polaroid Corp., more vast than the massive operations of General Motors, IBM, and other corporations. It goes to the heart of the American profit motif. It includes the disdain or apathy concerning the rights and humanity of black, beige, brown, red, and yellow peoples. It suggests that a decision has been made in U.S. policy on Africa that would frustrate the legitimate aims of African freedom and support the white-run police state regimes of South Africa and Rhodesia, and the Portuguese colonists.

American investment in South Africa has provided the most advanced techniques for an automated, police state. American firms in South Africa are partners in apartheid.

The Industrial Conciliation Act No. 28, passed in South Africa in 1956, provided that "no trade union might be registered for both white and Coloured—including both Coloured and Indians—nor might it be registered if membership was open to both white and Coloured workers unless total membership was so small that formation of separate unions was impracticable."

This single act, along with the Native Labor Act, No. 48, of 1953, placed the African worker in a special category and in a powerless position for it forbade strikes among African workers.

At this moment, the fact of U.S. economic involvement in South Africa carries ominous implications for U.S. foreign policy toward South Africa and the other countries of the African Continent. The corporations doing business in South Africa will seek to protect their positions, to insure their profits, and to continue the status quo of that special order.

When we recognize that lately it has been the concerned action of a number of black workers, employed by American corporations involved in South Africa, we should understand that this country is purchasing shares in social dynamite through the support and reinforcement of racism.

The International Bank for Reconstruction and Development, the World Bank, has made 10 loans to South Africa since 1951 totalling \$221,800,000.

We submit, Mr. Chairman, that the extent to which American and Western economic involvement in South Africa has maintained itself has already determined a kind of partnership with South Africa that puts the United States on the adversary side of the majority of mankind.

Let the record be clear. The South African economic development has in large measure been achieved with American investment and assistance. As a result, South Africa has become the major industrial

power on the continent, and has reached nearly total integration into the Western economic system which is dominated by the United States.

Statistically, American investment in South Africa does not appear to be great, comprising 12 percent of the South African total and about 1.2 percent of U.S. foreign investment. But when one examines the quality of American investment, it becomes evident that many American companies have worked hand in glove with such South African Government agencies as ISCOR, the South African Iron and Steel Corp., ESCOM, the Electricity Supply Commission, with SOEKOR, the Southern Oil Exploration Corp., and SASOL, the South African Coal, Oil and Gas Corp. It has been precisely these South African Government agencies which have led the drive for self-sufficiency of the economy of South Africa.

In our view, Mr. Chairman, there can be no compromise, no experiment, no concessions to apartheid. Apartheid must be defeated. It should receive absolutely no quarter. Its victims will be vindicated. History is on the side of the people, the subjugated masses. The American corporations will not earn long-range dividends from their infamous involvement in South Africa.

Thank you, Mr. Chairman.

Mr. DIGGS. Thank you, Mr. Hightower.

On page 3, you refer to the concerned actions of a number of black workers employed by American corporations involved in South Africa. Outside of the Revolutionary Workers at Polaroid, do you have any knowledge of any similar groups that are emerging—

Mr. HIGHTOWER. Yes; I do, Mr. Chairman.

Mr. DIGGS (continuing). In other corporations?

Mr. HIGHTOWER. IBM, Black Workers Alliance. The combination of black auto workers from Detroit, who have formed the International League of Revolutionary Workers on this issue. The black caucus workers of General Electric.

I think we are experiencing, if I might say so, a very dynamic phenomenon which demonstrates the concern, the escalating concern of black Americans as a group with African affairs, and specifically on the issue of American corporate investment in South Africa.

Mr. DIGGS. Now, of course, the Revolutionary Workers group at Polaroid have taken certain actions and made certain public expressions. I am not as well acquainted with any such activity on the part of the other groups that you have described. Could you comment a little more fully on that from your own knowledge about any activities in which they may be engaged.

Mr. HIGHTOWER. My knowledge, Mr. Chairman, as you know, came about from the Polaroid experiment, the experience, I mean to say, on the part of the black workers which seems to have acted as a catalyst in alerting black American workers to their own employers involvement in South Africa. That is after the Polaroid Revolutionary Workers organized and publicized their demands for disengagement of South Africa, other black groups organized on this issue. I think it is important to understand that the black workers organizations in each of these corporations according to our investigation has already been in operation based for the most part on grievances of racism within the corporation. They added to this organization a concern with South Africa.

Mr. DIGGS. In other words, you find that more and more groups of the nature that you have described are becoming organized and are beginning to add international concerns to their agenda?

Mr. HIGHTOWER. I do indeed. Black Americans have been concerned with Africa in a number of ways. I think the new concern which roots itself in terms of our economic ties there come about at this particular time 10 years after Sharpeville because we have had direct contacts with Africa, African students in our home, organizations such as our own publicizing the Africa issues, and so I am not at all surprised that black Americans are showing a very clear identification and interest with Africa.

Mr. DIGGS. I recall that Mr. Sheldon made references to the liberation movement in Angola as being so fractionalized that even if they were desirous of making some contribution to the resolution of some of their problems that they won't know how to contribute to it. Do you have any comments to make on that?

Mr. HIGHTOWER. I would indeed. I would recommend Mr. Sheldon reading a particular book by John Markham who is now at the University of Denver, called Anatomy of Revolution. It deals with the Angola situation. He was there and he was able to move quite freely in a large section of the country because it is the section that is controlled by MPLA, Popular Movement for Liberation of Angola, and we have other testimony. There are films being made in these parts of the world. MPLA is a very successful movement in Angola.

Mr. DIGGS. What do you think would happen if by one way or another those countries become independent under the majority rule? What would happen with respect to American investments in those countries?

Mr. HIGHTOWER. I am not certain, of course. I can't speak for the independence movement. Their representatives, when we have spoken to them on this subject, their representatives say that American businesses, if they were to do business in partnership for development of the country, would not be threatened.

Some liberation movements would undoubtedly seek to nationalize corporations. I think it would vary from place to place.

I think that the major question for American corporations doing business in Africa is are they buying shares in the development, are they buying friendship with African people or are they investing in racist social systems especially in southern Africa?

I would say principally the decision would be on the part of the American business communities which would dictate their future in Africa.

Mr. DIGGS. As you have heard the Chair state before, we have had considerable difficulty in getting representatives of American business interests in that part of Africa to testify before this subcommittee. For the first time, we were able to at least get Polaroid, and, of course, the Gulf Oil Co.

Does this encourage you to believe that there is some change taking place with respect to corporate policy and their responsibility, or how do you view the acceptance of invitations by these two representatives of the American business community?

Mr. HIGHTOWER. For the most part, I view it as a response on their part to a growing interest on the problem. We have talked about the

interest of black workers and international publicity which in the case of many corporations, which had enjoyed the reputation of being liberal, that reputation has been somewhat damaged when one investigates their involvement in South Africa.

I think, quite rightly, they have chosen to present their side of things, and I think from their point of view it was a good move to do so.

Mr. DIGGS. I am a little concerned, however, that the witnesses who have been sent have not represented the policymaking levels, with the exception, perhaps of Polaroid since Mr. Wyman, I believe, was in charge of overseas division, but the gentleman who appeared here today serves more in a public relations capacity with Gulf Oil than in a decisionmaking capacity that passes judgment on policy and what-not. How would you interpret that in light of the objectives of the subcommittee?

Mr. HIGHTOWER. I would imagine one would have to, Mr. Chairman, be concerned with public relations because the real issue of American corporate investment in South Africa and Portugal, the more we learn about it, the more horrible it actually is. If it is the problem of a computer and if the people who were contracting for the computer are the South African secret police, we can see the implications here. One cannot deny effectively that doing business in South Africa, Angola, and Mozambique are contributing to the ruling regimes there. So what one is left with, I suppose, is to take as positive, to make as positive an image out of it as you can. It is a very difficult business, it seems to me.

Mr. DIGGS. I thank the gentleman for his contribution.

Mr. HIGHTOWER. Thank you, Mr. Chairman.

Mr. DIGGS. The subcommittee stands adjourned until the call of the Chair.

(Whereupon, at 5:10 p.m., the subcommittee adjourned, subject to call of the Chair.)

U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

WEDNESDAY, JUNE 2, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON AFRICA,
Washington, D.C.

The subcommittee met at 3 p.m. in room 2200, Rayburn House Office Building, Hon. Charles C. Diggs, Jr. (chairman of the subcommittee) presiding.

Mr. Diggs. The subcommittee will come to order.

The purpose of these hearings is to explore U.S. business involvement in southern Africa and to address ourselves to the implications of this presence as it relates to foreign policy. To do this I feel we must first have the facts as to what U.S. business is doing in South Africa, as to what U.S. policy is with respect to business, as to the implications of this U.S. policy, as to its implications particularly with respect to any activities which the United States carries on in South Africa or is responsible for there, and finally the facts, rather than allegations of benefit or exploitation, as to what the U.S. presence means to Africans themselves.

Accordingly we have asked NASA to come here today to give us the facts as to the NASA tracking stations in South Africa and we have asked a distinguished former South African attorney, who is no longer living in South Africa, to give us his views on this question.

NASA is the first government agency to appear at these hearings. We are asking many of the government agencies to help us explore these questions. It is in the U.S. foreign policy interest that the fullest picture be obtained of our policies and practices in South Africa where our Government states it is working for constructive change through the interplay of economic and social forces.

So we are going to probe for a full picture, both of the employment situation at the tracking stations as well as the meaning of these stations, to the South African Government.

Here as our first witness is Mr. Gerald Truszynski. The gentleman is the Associate Administrator for Tracking and Data Acquisition. He is responsible for planning, development, and operation of global tracking networks and facilities and systems for communications in data acquisition.

NASA's Office of Tracking and Data Acquisition is charged with support of spacecraft in the unmanned scientific exploration of space near the earth and beyond to the sun and the planets; the manned flight programs such as Apollo and Skylab; commercial and foreign

space projects; and support of scientific satellites of the Department of Defense. The Office also has agencywide functional responsibility for automatic data processing activities.

Our witness was appointed to his position in March 1968. He succeeded from the post of deputy in the same office, which he had held since its creation in 1961. He came to NASA headquarters in 1960 from NASA's Flight Research Center, Edwards, Calif.

In his career at headquarters the witness has assisted in design and construction of the worldwide tracking systems for manned space flight programs, Mercury, Gemini, and Apollo; the planetary Deep Space Network; and the global NASA communications system, as well as modification and improvement of the STADAN Satellite Network.

The volume of traffic in the round-the-clock operation of the networks now totals more than 40 spacecraft returning 200 million data points to earth each day. The OTDA networks and stations employ some 4,000 U.S. and foreign citizens and represent a capital investment of about \$450 million.

The witness began his career upon graduation from Rutgers University in 1944, he joined the NACA, or National Advisory Committee for Aeronautics—NASA predecessor—at the Langley Aeronautical Laboratory, Hampton, Va., as an engineer in instrument research and development. Three years later he was transferred to the NACA station at Edwards, Calif., as instrument project engineer on the rocket-powered X-1, first airplane to breach the speed of sound.

In 1954 the witness became chief of the instrumentation division at Edwards. He headed development and operation of instrumentation, computer, and tracking systems for the national research airplane program under NACA—including a series of jet- and rocket-powered aircraft such as the X-1, X-2, D-558 and X-15, which pioneered supersonic and hypersonic flight. The witness directed the technical design and operation of the 500-mile "High Range" tracking network.

In 1969 the witness twice received NASA's highest award, the Distinguished Service Medal, for support of Apollo manned flights to lunar orbit and landing. He is a member of Tau Beta Pi and the Instrument Society of America.

The gentleman has a prepared statement. We wish to welcome him to the subcommittee hearing and say how much we anticipate the views of someone with such a distinguished background with respect to the objectives of the subcommittee.

STATEMENT OF GERALD TRUSZYNSKI, ASSOCIATE ADMINISTRATOR FOR TRACKING AND DATA ACQUISITION, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

BIOGRAPHY

Gerald M. Truszynski is responsible for planning, development, and operation of global tracking networks, facilities, and systems for communications and data acquisition.

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In 1969 Truszynski twice received NASA's highest award, the Distinguished Service Medal, for support of Apollo manned flights to lunar orbit and landing. He is a member of Tau Beta Pi and the Instrument Society of America.

He was born in Jersey City, N.J. He and his wife, the former Helen Bennett, of East Millstone, N.J., live with their two children in Chevy Chase, Md.

Mr. TRUSZYNSKI. Thank you, Mr. Chairman.

Before I proceed with my statement, I would like to introduce my companion here, who is also from our office, Mr. Norman Pozinsky, Director of Network Development and Engineering in the Office of Tracking and Data Acquisition.

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you this afternoon to describe NASA's tracking and data acquisition facilities in South Africa.

As you know, NASA is the civilian agency charged under the National Aeronautics and Space Act of 1958 with carrying out a program for the peaceful exploration of space. Our basic tool is the highly instrumented spacecraft which act as the "eyes and ears" of the ground-based scientist observer. To be useful, it must be linked to the ground by electronic communications so that we may know where the spacecraft are, what they are doing, and be able to command them to carry out the functions for which they were designed.

The NASA tracking station near Johannesburg in South Africa is a vital part of the versatile and complex network of ground stations selectively located to provide the needed communication links with the NASA spacecraft in flight. These networks perform all the tracking and data acquisition functions necessary to support the broad spectrum of NASA's space programs.

In brief, these functions are:

Tracking—the determination of the position and speed of the spacecraft.

Data acquisition—the reception at the ground stations of the scientific and engineering data being collected or generated by the spacecraft in the conduct of its space exploration activity.

Command and control—the transmission of radio signals up to the spacecraft to provide the many instructions necessary in the performance of the flight mission.

The facilities in South Africa were located there to perform all of the aforementioned functions as a part of the total support provided by the worldwide network of ground stations. The uniqueness and extreme technical importance of these particular facilities rests with their geographical location relative to the launch site at Cape Kennedy, Fla.

South Africa's geographical position provides the first major land mass to be encountered by spacecraft launched from Cape Kennedy and affords the unique location from which to transmit and receive information to and from the spacecraft. In the particular case of NASA's unmanned, planetary spacecraft—such as the recent Mariner 6 and 7 missions to Mars, the current Mariner/Mars orbital mission, and the future Pioneer F and G missions to Jupiter—the nature of flights originating from the east coast of the United States is such that critical flight phases occur over an area on the earth's surface which includes South Africa, and in view of the tracking facilities located there.

Precision tracing of, and communications with, these spacecraft from this location is performed to insure accurate knowledge of spacecraft position, attitude, and status for determination of and correction to spacecraft trajectory which are essential to accomplishment of mission objectives.

To be somewhat more specific, the data obtained from this station are essential to computing the necessary corrections to the flight path of the spacecraft, to insure its proper trajectory toward the target planet. This information must be obtained very early in the launch phase so that computations can be completed and translated into ground commands before the spacecraft proceeds beyond the point where it is incapable of performing the necessary flight-path corrections.

In addition, during certain periods the positions of the planets in the plane of the ecliptic become quite southerly at encounter. Spacecraft flying to the planets during these periods usually depart from earth in a far southerly trajectory. As a result, for a period of a few months immediate after launch, they are viewed primarily by only the Southern Hemisphere stations, South Africa and Australia, both of which are essential to achieve adequate ground tracing and command support for trajectory corrections and data acquisition support for experiment calibration and spacecraft attitude control.

NASA retains two major facilities in South Africa, near Johannesburg. The first of these, the Deep Space Instrumentation Facility (DSIF), is equipped with a high-gain 85-foot parabolic antenna system with associated electronic systems for precision tracking, navigation, and data communications required for planetary space missions.

This facility, in addition to providing the functions described above relating to its unique geographical location with respect to Cape Kennedy, is also located to operate with the other deep space instrumentation facilities located around the globe approximately 120 degrees apart in longitude. In this role the Deep Space Instrumentation Facil-

ity in South Africa functions as a part of the network designed to provide continuous communications to and from the planetary spacecraft from the earth's surface.

NASA space missions which have been supported by this facility include the Ranger spacecraft, which provided scientists with their first close view of the lunar surface as well as clues to its character.

You will perhaps recall that the Ranger VII was guided to pre-selected area and transmitted television signals to earth 15 minutes prior to impact. The final display of these signals showed the impact area in detail never before seen so clearly by man.

This project was followed by the Lunar Orbiter and the Surveyor projects which together with Ranger contributed extremely valuable knowledge about the moon and its environment, which was needed in making many of the decisions for the Apollo program. This station has and continues to support the many Pioneer spacecraft which were launched to collect data on interplanetary phenomena such as the magnetic field, spatial plasma, cosmic rays, high-energy particles, electron density, electric fields, cosmic dust, and others, and to fill a valuable role in space weather predictions.

The South Africa facility has supported the NASA Mariner class spacecraft which are designed to conduct flyby and orbital missions of the nearby planets.

Mr. DIGGS. Will the witness suspend for 5 minutes while I answer rollcall.

(A brief recess was taken.)

Mr. DIGGS. The gentleman may proceed.

Mr. TRUSZYNSKI. Some of those supported were the Mariner Mars 1964 and 1969 missions whose flyby spacecraft made exploratory investigations of Mars to set the basis for more current and future experiments, particularly those relevant to the search for extraterrestrial life, and to understanding more fully the environmental processes on earth.

As you know, the 1971 Mariner mission is planned to continue this goal by conducting an extended orbital exploration of Mars. Future projects which this station will support include the Pioneer missions to Jupiter, the Mariner mission to Venus and Mercury, the Helios solar flyby missions, and the Viking lander mission to Mars.

The Space Tracking and Data Acquisition Network (STADAN) facility supports a large number of earth-orbital scientific spacecraft ranging in size and complexity from the numerous small Explorer-type satellites to the large Observatory-type satellites such as the Orbiting Geophysical Observatory (OGO), Applications Technology Satellite (STA), Nimbus and the Interplanetary Monitoring Platform (IMP).

Major equipment at the STADAN facility includes a minitarck system for precision tracking and data reception of small satellites, and a wide band width data receiving system designed around a 40-foot parabolic antenna capable of high-gain, multiple frequency operations. In addition, a versatile command capability for the control of spacecraft is provided. The STADAN facility serves as one of the key locations for the wide band acquisition network supporting the scientific class satellite program.

This station was originally established in South Africa under earlier cooperative arrangements with the U.S. Naval Research Laboratory in anticipation of the International Geophysical Year (IGY), some years before the National Aeronautics and Space Administration was established in 1958.

During the IGY period the Council for Scientific and Industrial Research (CSIR) of the South African Government operated the station. Under the terms of the 1960 agreement between the United States and the South African Government, which was negotiated by the Department of State, and under implementing agency agreements between NASA and the CSIR, the above facilities are fully maintained, staffed, and operated by the CSIR.

NASA has similar staffing and operating arrangements with Australia, the United Kingdom and Spain. In each of these countries hiring of local personnel by the national agency responsible for station operation is a local function.

NASA has one technical representative at the DSIF station, an employee of the Jet Propulsion Laboratory (JPL) of the California Institute of Technology, which has overall technical and operational responsibility of the deep space network for NASA. The representative provides technical coordination and liaison between the CSIR and the JPL.

NASA has funded for the equipment and structures for these facilities which were located on a site provided without cost by the South African Government. South Africa also has provided protection from radio interference with the station's sensitive radio receiving equipment by prohibiting the operation of interference-producing devices not only within the 4-square-mile station site, but also in the surrounding 4,000 acres purchased by the South African Government in 1963 to further enhance this protection.

It has also provided the necessary land and roadways needed to connect the remote site with main highways. NASA provides funds to the CSIR which operates and maintains the station in accordance with local laws and regulations. Expenditures for the South African facilities were approximately \$2.4 million in fiscal year 1970, and are expected to amount to approximately \$2.8 million for fiscal year 1971.

In summary, Mr. Chairman, it is the geographical position of South Africa that has determined the location of these important facilities which I have just briefly described. As you have noted, they provide tracking and data acquisition support to almost all of our unmanned spacecraft and are, in particular, vital to these projects aimed at exploring the near and outer planets.

That concludes my statement, Mr. Chairman.

Mr. Drees. Thank you very much.

The mission of NASA which has always been supported by me has a very distinguished record, and our justification for its support is reinforced by the testimony of the witness this afternoon.

You made a distinguished contribution to its further development. You are to be complimented in the highest fashion.

You mentioned the Council of Scientific Industrial Research, which I presume is the governing agency for this function.

Mr. TRUSZYNSKI. Yes, sir, that is correct. It is the agency in South Africa with which NASA deals in the operation of these tracking stations.

Mr. DIGGS. Who owns this agency?

Mr. TRUSZYNSKI. It is an agency of the South African Government. It performs the internal research and development activities of South Africa.

Mr. DIGGS. In other words, it is the governing agency that controls that particular function; is that correct?

Mr. TRUSZYNSKI. Yes, sir.

Mr. DIGGS. Does it enjoy a special relationship with the Government? Is it private or is it quasi-public, or public, or what is it?

Mr. TRUSZYNSKI. I think in that sense I would term it quasi-public. In the sense that it performs the kinds of activities that a Government agency in the United States performs in the area of research and development.

Mr. DIGGS. But it does have a special relationship with the Government of the Republic of South Africa?

Mr. TRUSZYNSKI. In that it is not a private enterprise, yes, I would say that is correct.

Mr. DIGGS. What do you think this means in terms of our policy toward discrimination and the South African policy on the same subject?

Mr. TRUSZYNSKI. I am not sure I can answer quite what this means in those terms.

Mr. DIGGS. If it has a special relationship, if in fact it is a quasi-governmental kind of agency, recognizing the official policy of the Government of South Africa which calls for separation of the races, and recognizing that the official policy of the United States calls for just the opposite, I am just curious as to how you assess the conflict in the policies of those two governments as it relates to the subject of racial discrimination.

Mr. TRUSZYNSKI. I would expect that as an agency of the South African Government it would conduct its operations in such a manner that coincides with the policies of the South African Government.

Mr. DIGGS. And those policies call for racial discrimination. Science magazine reported a statement on the subject of race relations by a Mr. Goddard, who has been the deputy director of the station during 1963, and Mr. Goddard said when interviewed in 1970, "NASA puts no pressure on us in relation to race relations." Is that so?

Mr. TRUSZYNSKI. That is correct, Mr. Chairman, in the sense that we do not dictate employment activities or policies, at the station and inasmuch as we are not the direct employer of the people involved, but rather contract for services to be provided by the CSIR. In that sense we have not attempted to dictate local regulations.

Mr. DIGGS. This same magazine comments that as a consequence of our failure to take any interest in the matter of race relations, there are 250 persons, all South Africans, employed at the station with one American assigned there; and that the Africans at the station perform menial work only and they cannot work in supervision over whites. Is that so?

Mr. TRUSZYNSKI. There are currently no Africans on the technical staff to my knowledge.

Mr. DIGGS. Does the Council for Scientific and Industrial Research operate our tracking stations within the context of the South African business and racial norms and of the South African statutes? Is that what you are saying?

Mr. TRUSZYNSKI. I cannot really comment in detail as to its comparison with employment practices in other activities in the country.

Mr. DIGGS. You are aware of the racial norms in South Africa?

Mr. TRUSZYNSKI. Yes, sir.

Mr. DIGGS. Which call for apartheid or separate development, as they describe it? You are aware of that?

Mr. TRUSZYNSKI. Yes, sir.

Mr. DIGGS. Do you think, if this is followed at NASA, that we are violating the concepts of equal employment opportunity laws and policies in our own country in spirit, if not in fact?

Mr. TRUSZYNSKI. This is not followed at NASA.

Mr. DIGGS. I would assume that NASA is following the executive orders of requiring equal employment opportunity practices with respect to Government contracts here in the United States; is that not true?

Mr. TRUSZYNSKI. Yes, sir.

Mr. DIGGS. And that NASA is in compliance with it as it relates to Government contracts. Would there not be some inconsistency with respect to an activity over which it has this kind of control outside of the United States?

Mr. TRUSZYNSKI. It may appear to be inconsistent, but I am given to understand that where activities are performed in a foreign country and such activities do not include U.S. personnel, that these kinds of regulations do not apply.

Mr. FULTON. Mr. Chairman, as a ranking member of the Science and Astronautics Committee I might be able to be of assistance. Under U.S. statute, there is a waiver for NASA on its international operations as to U.S. civil rights statutes as there is for many other Federal Government agencies. So that there is such a waiver in existence for NASA, is there not?

Mr. TRUSZYNSKI. Yes, sir; there is, Mr. Fulton.

Mr. FULTON. I believe that is the key to this.

Mr. DIGGS. Since the NASA contracts with the Council is a governmental contract, is it subject to the Executive order prohibiting discrimination and requiring that all Government contracts, such as the ones with CSIR, contain provisions with which the contractor undertakes obligations with respect to equal employment opportunities. Do the contracts with CSIR contain these provisions? If they do not, why don't they?

If there is a waiver, and I accept the gentleman from Pennsylvania's knowledge on that question, why was a waiver involved in this contract?

Mr. TRUSZYNSKI. It gets back to the fact that U.S. personnel are not involved in the operation of the tracking station. Therefore there was no requirement for these kinds of special considerations.

Mr. FULTON. Would you yield for me?

When there is U.S. personnel involved abroad such as NASA employees, these U.S. employees are subject to the civil rights provisions of U.S. statutes, all of them, so that there can be no discrimination. When the application is to foreign residents and citizens of foreign countries on the basis of facilities operated by NASA that situation comes under Executive Order No. 10925, which is issued under the Equal Employment Opportunity Act.

It provides for exemption of overseas contracts when recruitment of overseas workers is involved. NASA has that exemption under that particular Executive Order No. 10925. So that as far as the local nationals are concerned, our Equal Employment Opportunity statutes of the United States do not apply. That is the reason that NASA has taken no action.

Mr. DIGGS. Do these contracts provide for no recruitment of U.S. workers?

Mr. TRUSZYNSKI. The major contracts provide for no recruitment of U.S. workers.

Mr. DIGGS. Is there any reason why this does not require recruitment on the part of U.S. workers?

Mr. TRUSZYNSKI. Mr. Chairman, I think this goes back to the original arrangement as part of the agreement with the South African Government. It provides for the station to be under the control of the CSIR. In that sense the CSIR itself has always provided for the operation of the station by South African personnel.

From the very outset this has been the case. In effect, I don't think there has been need for recruitment of U.S. personnel to operate the station.

Mr. DIGGS. Do you have a copy of this contractual agreement between our Government and the South African Government? What form did it take? Some kind of treaty arrangement?

Mr. TRUSZYNSKI. The actual agreement is an intergovernmental agreement signed on the part of the United States by the State Department.

Mr. DIGGS. Do you have a copy of that agreement?

Mr. TRUSZYNSKI. I don't have it with me. I can supply one for the record.

(See appendix, p. 444.)

Mr. DIGGS. Does the CSIR contribute to the South African Foundation to your knowledge?

Mr. TRUSZYNSKI. I don't know, sir.

Mr. DIGGS. This is very important because the Foundation was one of the chief propaganda arms of the South African Government attempting to justify apartheid around the world, and it would be important to know whether or not the CSIR makes any contributions to the South African Foundation. You don't know?

Mr. TRUSZYNSKI. I don't know, sir.

Mr. DIGGS. Could you find out and provide that for the record?

Mr. TRUSZYNSKI. I will certainly try.¹

Mr. DIGGS. Does the CSIR do military work or work of strategic scientific value for the South African Government?

¹ Because of NASA's failure to provide this and other information requested in this hearing, the subcommittee requested NASA to appear again September 27 at which time this question was addressed.

Mr. TRUSZYNSKI. I am not sure how directly they are involved in that aspect of research and development. I do know that they are involved heavily in many of the civilian industrial research activities. I don't know how heavily they are involved with military R. & D.

Mr. DIGGS. Could you find that out and provide that for the record?

Mr. TRUSZYNSKI. I will be glad to try. I might add, Mr. Chairman, that some of these kinds of questions may be answered when the State Department witness appears. He may be more knowledgeable in these areas than I am.

Mr. DIGGS. There is an interrelationship here in the sense that it actually falls within your jurisdiction, as I see it. We are just interested in information. I don't care where it comes from. But I would like to have the information provided for the record.²

Mr. DIGGS. Does not the CSIR carry on many functions for the South African Government?

Mr. TRUSZYNSKI. In the area of research and development functions, yes, they do carry on a variety of these kinds of activities.

Mr. DIGGS. Could you provide for the record a report of all of the activities of the Council, because obviously there is some suggestion that they are quite broad and include a whole range of activities that it might be interesting to examine in light of the relationship to the objectives of the subcommittee.

Mr. TRUSZYNSKI. I will try to get that. I am not sure that we in NASA have that kind of information available, sir.³

Mr. DIGGS. If you do not have it available, you have access to it.

Mr. FULTON. May I make a suggestion?

Mr. Frutkin of NASA is the one that we should consult on NASA foreign relations matters. Mr. Frutkin handles those directly.

Mr. DIGGS. He is here representing the agency.

Mr. FULTON. We ought to hear Mr. Frutkin as this witness is of more scientific bent.

Mr. DIGGS. I understand. But he is here representing the agency and I would like to get it in. If he has to get it from someone else within the agency, I can understand that.

Mr. FULTON. Mr. Arnold Frutkin has this jurisdiction.

Mr. TRUSZYNSKI. I am suggesting that some other agency other than NASA might have more rapid access than we do.

Mr. DIGGS. We will make that judgment once the information, as you have it in the agency, is provided.

Mr. TRUSZYNSKI. Yes, sir.

Mr. DIGGS. Do the Council activities assist the military capability of the South African development?

Mr. TRUSZYNSKI. I don't know.

Mr. DIGGS. On the question of the usefulness of the tracking stations to South Africa, are you aware of the statement of Mr. Holt, Director of the tracking station, I believe, who wrote in an article in the CSIR Journal, *Scientia*, of March 1970, "Participation in space research has brought to South Africa national prestige and membership in the International Committee on Space Research, but probably most important, has been the opportunity to acquire the skills neces-

² Ibid.

³ Ibid.

sary to operate and maintain these tracking stations and the chance to expose engineers and technicians to the latest equipment and electronic techniques."

Are you acquainted with that statement?

Mr. TRUSZYNSKI. I am not acquainted with that particular one. It is certainly the case inasmuch as the equipments we use at the stations—

Mr. DIGGS. I raise the question in the context of the possibility of military involvement, because would you not admit that electronic techniques are relevant to certain military operations?

Mr. TRUSZYNSKI. Mr. Chairman, there are significant differences between military electronics and the kind of equipment we have at our stations. While we use advanced techniques they are advanced in very specialized ways for space research and are quite unassociated with the kind of specialization one sees in military electronics.

You are aware, I am sure, that our station activities in South Africa are totally unclassified.

Mr. DIGGS. Are there any military wings of our Government involved in the tracking station operation?

Mr. TRUSZYNSKI. There are none.

Mr. DIGGS. The March 21, 1970, edition of the Johannesburg Star reported that "Regular bimonthly U.S. Air Force transport flights are made to South Africa for our space tracking activities."

Are you aware of this?

Mr. TRUSZYNSKI. This would not apply to the NASA tracking station.

Mr. DIGGS. In response to an inquiry by an organization that has interests in this whole African field, the American Committee on Africa, Mr. Newsom, Assistant Secretary of State, responded that the purpose of the Air Force transport flight was to provide logistical support to the tracking station.

What is the logistical support which the Air Force provides?

Mr. TRUSZYNSKI. Mr. Chairman, that statement does not apply to the NASA tracking station.

Mr. DIGGS. In other words, according to your information, no other military parts of our Government are involved or are getting involved in South Africa through the tracking station presence.

Mr. TRUSZYNSKI. Not with the NASA tracking station, Mr. Chairman.

Mr. DIGGS. What about the work force at the station? What percentage of it is African?

Mr. TRUSZYNSKI. As far as I know, there are no African employees involved in the technical operation of the station's electronic equipment.

Mr. DIGGS. But are they involved, period? I did not delineate between technical and nontechnical. The work force, period.

Mr. TRUSZYNSKI. In our normal reporting structure from CSIR, we get reports on the number of personnel involved in the technical operation only. We do not get reports on the number of people involved in nontechnical activities; these latter activities are quoted under an overall charge for supporting services.

Mr. DIGGS. Do you think you would have any problem getting such information?

Mr. TRUSZYNSKI. No.⁵

Mr. DIGGS. Has NASA or the Council surveyed the educational situation in the area where African workers live, and have they sought to be of assistance? Does the Council provide educational counseling to its workers or their children? Do they provide tutoring programs? Do they have an office or provide for any kind of assistance to African employees to go through the legal and administrative rigmarole and secure permission for their wives and families to live with them?

Do you know of any reason why there should not be programs designed to provide this kind of equity, considering the involvement of the U.S. Government in that very important activity?

Mr. TRUSZYNSKI. Mr. Chairman, that is pretty hard for me to speculate on.⁶

Mr. DIGGS. I would remind the witness that the general line of questions that we were to propound here this afternoon, we shared with your agency as a matter of courtesy and as a matter of indicating to you that we were interested in information. We could have just invited you up here and questioned you along this line without any kind of preparation. If you are not prepared for it, then I submit that it is a fault of the agency and not this committee.

Mr. DERWINSKI. Mr. Chairman, I am sorry I am late, but I was providing a personally guided tour of the Capitol to some of our colleagues from the British Parliament who were with us this past weekend at the conference in Wyoming. However, I read the testimony this morning when it reached my office, and it is obvious to me that the questions we would properly be asking are not covered. In looking at this, not just from the standpoint of our committee in its immediate jurisdiction, but the very fundamental question of the relations between the legislative and executive branches, I would think that it would be in order for us to ask that the National Aeronautics and Space Administration supply more detailed answers to the questions that have been propounded. Since in this case if the witness basically is a technician rather than the man responsible for implementation of policies, then the appropriate official in NASA who would have the answers should come before us at the earliest mutually convenient time.

I would certainly support you if that is your hope.

Mr. DIGGS. It is certainly my hope. I am glad the gentleman from Illinois shares that hope, because I think it does indicate to the agency the area that we are trying to ventilate here.

I further submit that the agency was advised with respect to these questions and actually should not have submitted this witness to the embarrassment of not being prepared to answer them. I am inclined to believe that one can speculate as to whether they thought the committee was going to engage in some kind of conventional interrogation which has characterized the appearance of the agency in the past before this committee.

Mr. DERWINSKI. I think this testimony would be proper material before the Space Committee dealing with the technical matters of the program, but obviously we have a completely different interest, and again I wish to emphasize the right of the legislative branch to obtain

⁵ Ibid.

⁶ Ibid.

the proper answers to questions. I think you are absolutely correct in making your point.

Mr. Diggs. Well, I would like to get these other questions in the record, because while the witness is not prepared to respond to them, we do make the request that answers be provided through some kind of communication.

Before the gentleman from Illinois departs, I would like to join him in welcoming our colleagues from across the sea, these very distinguished British Parliamentarians with whom we shared such a pleasant and fruitful experience at the Anglo-American Parliamentary Conference in Jackson Hole, Wyo., over the weekend, while so many other Americans were enjoying the usual festivities of the Memorial Day weekend.

I am sure that the gentleman from Illinois also joins me in saying that we got a great deal more out of that Conference from our British colleagues and conferees than they probably got from the Americans, and we certainly welcome them here. Some of you may not know that under the British parliamentary system, the experience that we are having here this afternoon is relatively foreign to them.

They do not have the kind of committee system that we have, although they compensate for it by being able to interrogate Cabinet officers on the floor of the Parliament. I guess it is a question of which system is better in order to elicit the information that we are seeking. But we certainly want to welcome them here.

I would like just for the record to continue putting these questions in so that you will know what we are looking for.

How many Americans who are NASA employees have gone to the station since the beginning? How many went in 1970?

Do you have any going back and forth to the station regularly or on temporary assignments? Are any of these temporary, or regular types, that may be going back and forth, black? We would like to know about the facilities for African employees at the stations. Also about the locker rooms. Are they segregated? Do they drink out of separate water fountains as they do in the rest of the South Africa? Also, all practices as it relates to this.⁷

Obviously, we have some information or we would not know how to intelligently propound the questions. As we understand, their eating facilities are separate and all the rest. We would like to know how many hours a day that the average white worker works as compared to the African worker at this installation; whether the restrooms are segregated; whether the facilities are interchangeable in their cleanliness, their convenience, their size, their number.

And when Americans are detailed to work at the tracking station for a short or long period, is there a procedure in NASA for providing these persons a background briefing on South Africa and its policies? Is there a procedure for issuing such persons a statement on U.S. Government policy toward Africa? Are such persons, as well as the Americans at the station there, regularly advised about our policy on communicating with progressive elements in South Africa and the majority? Do these American employees have interracial contacts outside of chance ones?

⁷ Ibid.

⁸ Ibid.

Is the director of the station a Nationalist, a United Party member or a Progressive? What is Mr. Goddard, the Deputy Director? Are they advised by NASA of the U.S. position on race and on seeking peaceful change toward majority rule.⁹

In May of 1965 the incident occurred with the aircraft carrier, the *Independence*, when the South African Government stipulated that the plane crew on the carrier which was going into South Africa for drydocking and for refueling had to be white.

In reaction partially to our cancellation of this visit by the *Independence*, the Prime Minister on June 25, 1967, stated that his Government would not admit American blacks if they were assigned to the U.S. tracking station. At a press briefing on June 29 of 1967, I believe, a State Department spokesman said that we surely plan to keep the stations in operation.

If U.S. policy concurs in this statement by the Prime Minister on employment policy and assignment to the tracking stations, the record ought to show it one way or the other. And we ought to know more about the application of the Executive order on nondiscrimination in Government employment as it relates to this activity and as it relates to the assignment of NASA employees without regard to race.

You know that black Americans are not, for example, people assigned to our own diplomatic mission as a matter of policy in South Africa. A black American as a matter of policy has never been assigned to the embassy, our embassy in South Africa, and we would like to know whether or not this policy includes recruitment of Americans within the NASA complex. We would like to know whether or not this contractual agreement has resulted in this absence of blacks from the complex.

These are the kinds of questions that we would like the agency to answer. If the gentleman is not prepared to answer them today—and I can to some extent understand why he personally may not have knowledge of it—this committee would expect a response through him from the agency.¹⁰

Mr. FULTON. I appreciate the gentleman's presence here today. Thank you.

Mr. TRUSZYNSKI. Thank you, Mr. Chairman.

Mr. DIGGS. Are there any points of clarification that counsel would like to put on the record?

Mrs. BUTCHER. Would you agree, Mr. Truszynski, that the waiver for contracts which provides that there would be no recruitment in the United States of workers does not apply to the assignment by NASA, of anyone else, of Americans to the tracking station?

Mr. TRUSZYNSKI. If I understand your question, you are asking whether or not that statement applies to the temporary assignment of Americans to the tracking station.

Mrs. BUTCHER. Yes, sir, we understand there is one American stationed there; but there may be temporary assignments. Would these be covered by this provision?

Mr. TRUSZYNSKI. I don't know and I would have to speculate and I would not think it would apply.

Mrs. BUTCHER. And you would provide the document, the statement of your General Counsel's office?

⁹ Ibid.

¹⁰ Ibid.

(The information requested from NASA follows:)

One American employee of the Jet Propulsion Laboratory (JPL) is assigned as technical liaison representative at the Deep Space tracking station in South Africa. JPL is operated by the California Institute of Technology under Contract NAS7-100 with NASA. This contract includes the "Equal Opportunity" clause required by Executive Order 11246, as amended.

U.S. Government employees who may be assigned or detailed temporarily to the South African tracking stations are of course covered under the Federal Equal Employment Opportunity Program.

Mr. TRUSZYNSKI. Yes, ma'am.

Mrs. BUTCHER. With respect to the waiver for the contract with CSIR, you said that your major contract contained the provision that there would be no recruitment in the United States?

Mr. TRUSZYNSKI. The major contracts are silent on the recruitment of personnel.

Mrs. BUTCHER. How many contracts do you have?

Mr. TRUSZYNSKI. There are two major ones, one for our deep space instrumentation facility and one for our STADAN installation. Some time ago there was a small amendment which we did make to one of the contracts to provide for a temporary camera installation.

Mrs. BUTCHER. Of these three, which contain the provision or the provisions?

Mr. TRUSZYNSKI. Of no recruitment of U.S. personnel?

Mrs. BUTCHER. Yes, sir.

Mr. TRUSZYNSKI. Only the amendment to the main satellite net, or STADAN, station contract.

Mrs. BUTCHER. So that means that under the—what did you say, the two basic contracts—there could be recruitment of U.S. personnel?

Mr. TRUSZYNSKI. There is no provision in the two main contracts that specifically says there shall be no recruitment of U.S. personnel.

Mrs. BUTCHER. But you had said earlier that the waiver—in response to Congressman Fulton—that the waiver went into effect when there was such a provision.

You could provide documentation on that with the contracts?¹¹

Mr. TRUSZYNSKI. Yes, we can certainly provide the contracts.

Mrs. BUTCHER. I had another point I wish to clarify. You said that with respect to the relationship to CSIR, that perhaps another agency could provide material on that. Who chose CSIR? Did the State Department do it, as the foreign policy agency, or did NASA do it as the technical agency?

Mr. TRUSZYNSKI. No, this was an organization suggested by the South African Government. We ask the host government to name a cooperating agency that we can deal with. In this case the South African Government assigned this cooperative role to the CSIR.

Mrs. BUTCHER. Who chose the Jet Propulsion Laboratory?

Mr. TRUSZYNSKI. The Jet Propulsion Laboratory was chosen because they are the NASA field activity responsible for the Deep Space Network.

Mrs. BUTCHER. Does the Jet Propulsion Laboratory send any personnel to the stations at all?

Mr. TRUSZYNSKI. They have a single technical liaison representative.

¹¹ *Ibid.*

Mrs. BUTCHER. Does NASA have a contract with the Laboratory?

Mr. TRUSZYNSKI. Yes.

Mrs. BUTCHER. Does that have the standard provision for equal opportunity employment?

Mr. TRUSZYNSKI. Yes, it does.

Mrs. BUTCHER. Could you provide the committee with a copy of that contract? Has the Jet Propulsion Laboratory ever assigned a black person?¹²

Mr. TRUSZYNSKI. Yes, we can provide a copy; on the latter point, I don't know.

Mr. DIGGS. Thank you.

Do you have any further points, Mr. Witness?

Mr. TRUSZYNSKI. I don't think so, Mr. Chairman. Regarding many of the questions you ask, again, we do not have direct access to the information, as I tried to make clear. We do not get that level of reporting from the CSIR, that is, in terms of how it conducts its operations.

Mr. DIGGS. Well, I think I recall your saying earlier in response to something similar that it should not represent much of a problem. Perhaps we need to change our reporting system in order to elicit this kind of information, because it obviously has some very serious implications as it relates to the investigation that the committee is trying to conduct, because we do feel that there are serious implications from the intertwining with employment policies under the jurisdiction of the U.S. Government as it relates to its own interest.

Obviously it is going to be very difficult to get the kind of cooperation from the private sector and we have hundreds of American businesses in South Africa. Obviously if they can look up to the tracking station or some governmental agency and see the gap between American pronouncements and the actual performance, obviously that is going to be a cue to them that they do not have to be bothered too much about these things, even within the South African limitations and the limitations are not as pervasive.

It does not preclude some kind of flexibility. So I just wanted to put our objective in context so that you can honestly understand just what we are getting at.

I thank the gentleman for his contribution, his patience and we look forward to the agency's response to the specific questions.

Thank you.

The committee will declare a 5-minute recess now before the next witness comes on so that I can again respond to the bells.

(A brief recess was taken.)

Mr. DIGGS. The committee will resume its sitting.

We are delighted to have attorney Gcabashe with us. The gentleman was born in Harrismith, South Africa, where his father was assigned as a Methodist minister.

He graduated from Fort Hare College with a B.A. with honors in political science. He qualified as an attorney in 1958, one of the very few Africans to clear all the hurdles in the apartheid society to become a lawyer.

He entered the University of Cape Town and graduated in 1963 with an LL.B.

¹² Ibid.

Mr. Gcabashe practiced law in Cape Town until 1964, handling civil and criminal cases but with a heavy load of cases peculiar to the Republic of South Africa involving Black Africans accused of violating the many "pass laws" which control the everyday life of blacks in that country. Mr. Gcabashe defended Africans caught in the web of legislation and regulations which forces them to leave homes and employment in the Cape Town area for removal to the gaunt, crowded, rural "homelands," the 13 percent of South Africa's territory set aside for 15 million blacks out of a total population of 21 million people.

In 1964 Mr. Gcabashe moved with his family to Durban and in 1965 set up his own law practice. He acted as attorney for South Africa's Nobel Peace Prize laureate, the late Chief Albert J. Luthuli.

In 1966 Mr. Gcabashe was served with a banning order by decree of the South African Government, with no explanation being given. The ban was lifted the following year. However, the authorities in the police state had not forgotten him, and he was subject to threats and interrogations indicating possible detention under South Africa's draconian laws.

In June 1970 Mr. Gcabashe and his family left the land of their birth and went into exile. Mr. Gcabashe and his wife—a daughter of Chief Luthuli whom he married in 1960—and their four children live in Atlanta, Ga.

Mr. Gcabashe is attached to the Institute of the Black World as a research fellow and is writing a biography of Chief Luthuli and working on the Chief's papers.

The gentleman has a prepared statement and he may proceed.

STATEMENT OF THULANI GCABASHE, ATTORNEY, ATLANTA, GA.

MR. GCABASHE. Thank you, Mr. Chairman and members of the subcommittee.

Mr. Chairman, I started by quoting an excerpt from the Declaration of Independence by the American States. It is a document of 1776 and I believe that all of you are well acquainted with it. This I did because I think this excerpt will bear out the conclusion I have come to about the activities of American corporations and other businesses. I will read it out.

We hold these truths to be self-evident: That all men are created equal, that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness; that, to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed; that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles, and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness.

Prudence, indeed, will dictate that government long established should not be changed for light and transient causes; and accordingly all experiences hath shown that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same object, evinces a design to reduce them under absolute despotism, it is their right, it is their duty, to throw off such government, and to provide new guards for their future security.

It is perhaps appropriate that I should start my testimony by reminding you of the document of the 18th century, a document of which you should be proud, a document which is the very foundation of your existence. In my mind, America has given nothing better to the world. But it is, however, sad that I should stand before you and point to you with an accusing finger that you are the very people who belittle its importance and render it to empty verbiage.

Big American business concerns have gone to operate businesses in South Africa, well knowing its laws and the conditions under which it shall conduct its business. Their presence in South Africa does constitute an endorsement and support of the policies and regulations of apartheid.

Here I may illustrate the point that by saying, for instance, if you consider job preservation, Americans cannot do what the law provides that it shall not do. If, for instance, take a firm like General Motors or Ford Co., if the law provides that the job of spraying the car is a skill job and only white people can do it, the American firm cannot alter that. I will employ a white man and even if it has hundreds of black workers who know the work they will not take that job. So they have, in fact, accepted the position that this is what they shall do.

Apartheid in its philosophy and practice does not believe that all men are created equal. Only white people are created equal and only white people can participate in forming a government and govern the country.

It is basic in the Constitution that no African or other nonwhites which are divided into Coloured and Indians can be members of Parliament. In fact, they have no right to elect members of Parliament. It is unbelievable that the citizens of America who are largely descendants of colonized people and whose society was born as a result of a strong reaction against colonialism, should today join forces with South African colonialists.

I refer to South Africans as colonialists because if you consider how they are building up the Bantustan empire, that is that each tribal group shall occupy a certain part of land, govern itself according to certain rules which they shall form, then that is nothing else other than indirect rule, which has already been tried by the British and failed.

But I said that this is even worse than indirect rule, because indirect rule considered that the people at some future time will be free to govern themselves and will be free to have the independence they want.

In the South African countries only 13 percent of the land is set aside for African occupation. This 13 percent does not belong to the people who occupy it. In other words, they have no ownership in the sense that we understand in the Western World. With 87 percent of the land that can be owned by whites, they own it in the true sense of the word that the person gets a title or deed for what he owns and he can deal with it as he pleases as an owner except where the statute provides that certain things shall be done to this land.

I have in mind provisions relating to use for military purposes or such activities.

In order to maintain this position, the white government must provide inferior education for Africans called Bantu education. The

minister who introduced it said it was intended to make Africans learn the language for communicating with their masters because the society conceived was that of master and servant, the white man being master and the African being a servant.

The blacks are further divided not only into Coloured, Indians, and African, but the latter group should further be divided into tribes. The Coloureds must be divided into low class and high class. You belong to a high class if your complexion is fair and your hair is long like the bosses or the madams. If you look like this, you stand a better chance of getting employed.

There are myriad land laws which insure that not only the land cannot be acquired by blacks, but that they shall not ever occupy the land. The ridiculous definition of "occupy" means, inter alia, sitting down. For example, I cannot go to a theater to see a play because I will sit down and this requires permission from the Minister of the Interior.

I recall one ridiculous case where a mixed team played football together. They were charged under the Group Areas Act which, in fact, involved the construction of the term "occupy." They were found not guilty because footballers do not sit down when they play. I can also attend a white cocktail party so long as I will keep on standing and moving around, so that I should not occupy the land set aside for white occupation.

White domination and occupation must be maintained in many ways. It is done by increasing white immigration, giving presents to white families that produce the white species recklessly, introduce birth control for blacks.

All whites, including women, are armed and trained how to use arms. A strong white army and police force must be maintained. More than half of South Africa's annual budget is spent on the army and the police force.

It is a criminal offense for a black to be found in possession of a gun or ammunition. This can result in 6 years' imprisonment.

In order to maintain the white regime, Africans must be harassed and pushed around in order to remind them of the superiority of the white man. This is done by ordering them to carry passes whether they be men or women. They should have no security whether they are at the reserves set aside for their occupation or on the so-called white man's land.

For the system to succeed, the country must be made economically strong. It is here that foreign whites are invited to invest so that they can boost the system and gang up in exploiting Africans and enjoy the fruits of it. The conditions of investments for these white investors are made ideal. Black laborers are plenty and cheap.

The Government has insured that there won't be any strikes. Though job reservations might be a bit of a bother to these investors in getting skilled laborers, this can be circumvented by calling skilled work "semiskilled" or "unskilled work" if done by blacks, or by asking for relaxation of job reservation. This will be done if there is 100 percent employment of whites. It is always so. It also pays because blacks are paid only a fraction of the wages earned by the whites.

Blacks and white men of conscience are terrorized by police in order to insure that there is no opposition whatever to the Government. I

can refer to a lot of religious ministers, that is, pastors who have suffered though they are white.

Their law provides that you can be detained without any access to legal representation or to any other person or family. In fact, you are just kept incommunicado.

Why are outside white investors associating themselves with the evils of apartheid? There are two obvious reasons which are thus far not particularly used by the Americans. These investors may be outright racists who have at last found a country that openly practices their beliefs. They may be idolizers of money and they don't care a dime of how it comes in. These reasons are true, but they are considered crude.

Let me consider the reasons offered by General Motors justifying their operations in South Africa. Their reasons are generally given by other firms because they are considered sophisticated enough.

They argue that they offer employment to whites as well as nonwhites. They further say that more nonwhites are lately offered more jobs than whites. The reason for this is obvious, someone has to do the work and blacks overflow the labor market. It is not because of their choosing that more blacks are employed. If the market of white laborers was as big as the black, whites would be preferred to blacks for no other reason than a racial one. The United States is an example of this.

I have made an observation that the position is almost the same. Where a job could be done by a black and a white, you will find that the white will first be given preference. Hence, the increased number of the unemployed blacks.

It is further argued that withdrawal by these firms from South Africa would adversely affect the employees with the greatest economic and social hardship falling on the very group the proponents of the withdrawal proposal seeks to help. The support of an evil regime and the maintenance of the status quo is a far greater evil than the suffering of a very small segment of the black population which in any event still suffers even with the meager wages offered by these investors. Foreign firms do greater harm when they implement Government policy by offering jobs to Coloureds rather than Africans. They divide blacks and cause racial friction between blacks.

Here I am showing that defense takes an active part in implementing the policy of apartheid.

It is further argued that as business is highly competitive in South Africa, other firms would move in where the American ones withdraw. It is no argument to say that because other people are engaged in evil acts, you should also engage in one. There would be no difference between right and wrong if this argument was valid.

General Motors has argued that since it started operations in 1926, it has progressively improved its market growth and increased its profits. This is correct—under conditions of exploitation at its worst, growth and profitability are guaranteed. But the question is, is there any morality in such activity? When do businessmen become individuals with a conscience?

There is a strong argument that the risk involved in carrying on business in a country that has got to change, the changes might be disastrous to investments. Many businessmen feel as white politicians

do, that a revolution in South Africa is very distant and they should grab whatever they can now. There is something in this argument if we only think of ourselves and feel that we will have enjoyed enough to die when the revolution comes. But there are our children for whom we are trying to build a future and a happy world. It is not in our interest to be so shortsighted.

It is disturbing to see America through its businessmen getting so involved in a racial war in Southern Africa. A violent revolution is inevitable in that part of the world and one can foresee a day when young Americans will once more be called upon to go and defend life and property of Americans. Will black America and white America of conscience allow itself to sacrifice its lives where such was foreseen and could have been avoided?

There are two suggestions, I believe, that can prevent American involvement. First, that Congress tells its citizens and corporations to withdraw from South Africa. Second, that Congress advise its citizens that those who invest in South Africa do it at their own risk and that the U.S. Government will under no circumstances intervene to protect Americans and their property in South Africa.

Mr. Drees. Thank you very much.

The gentleman from Pennsylvania, Mr. Whalley.

Mr. WHALLEY. Thank you, Mr. Chairman.

It is a pleasure to talk with you. I want to compliment you on your accomplishments. According to your biography you are a graduate of a university in South Africa.

Mr. GCABASHE. That is correct.

Mr. WHALLEY. How many other people have done the same as you have?

Mr. GCABASHE. Well, if you speak of Fort Hare, which was essentially a college for B.A. and B.S., those were just the degrees for teaching really. You could not get any instruction or professional work such as lawyer. There were estimated—the figure does not reflect well because the college was used by other African states to bring their students there, so to give a correct number of graduates who are in South Africa, I would estimate them at not more than 4,000. That is initial degrees. But those who are qualified with an LL.B, there would be not more than 20.

Mr. WHALLEY. Do you think it would be better if U.S. business in South Africa would close down or sell out and move back home?

Mr. GCABASHE. That is the conclusion I have come to.

Mr. WHALLEY. What would you suggest be done in South Africa? You have lived there and you were old enough to know pretty much the circumstances when you left. What is the solution in your opinion?

Mr. GCABASHE. Well, the solution is, first, by South Africans themselves who will have to deal with the question in a realistic manner. One would wish that there should be a peaceful change, but under the conditions that exist, it appears to be out of the question.

As I pointed out, no parliamentary means will ever change the present position. If you consider the opposition party, which is also a white party, you find that it is just exactly the same as the present Nationalist Party. It is, in fact, a conflict which is more historical, that is, the Africans are combined as a group, an African group, which is protecting itself and it happens to be in power because it has greater numbers.

And on the other side, it is the English and some Afrikaners that got married to English who formed the United Party, and the United Party largely is composed of people who have large business interests and their main concern is making money and really they are not concerned with questions of changes for the better.

So it appears we are only left with one solution, that the Africans see to it that they get their freedom.

Mr. WHALLEY. I don't think anyone in this country likes the conditions as you described them, but unfortunately over the world I guess such conditions do exist. We have been talking about Red China for a long time and many people know what has gone on there. But it is surprising how many countries in the world now have diplomatic relations and want to trade with Red China.

You left South Africa. Would it have been better if you could have stayed on; were you forced out of Durban?

Mr. GCABASHE. I saw that there was no future. The future I understood was that I could be detained and just rot in jail. To me that would be a waste. I think it was a waste with a lot of people who are behind bars at the moment.

Mr. WHALLEY. Would it have been better if you would have stayed to encourage other young men to have done the same as you found it possible to do by attending college, etc.?

Mr. GCABASHE. No; it is not possible that you can encourage them. As I pointed out, even the education itself—it is not that. Cape Town where I got the L.L.B. is now exclusively white. Things are progressing in the worse direction, so there is no hope that you can say, "I will inspire my child" or "I will tell my child that education is the best weapon."

Education has destroyed that. A lot of children are taken out of the country at a very tender age and get their education outside South Africa and there is no hope for them that they will go back until the conditions are changed, because the government does not want them.

Mr. WHALLEY. Are the people there allowed to leave and go to other countries?

Mr. GCABASHE. Generally no.

Mr. WHALLEY. Thank you, Mr. Chairman.

Mr. DIGGS. I am interested in your comment about the retrogression of education in South Africa. Was there a change after you obtained your education?

Mr. GCABASHE. Yes. There was a change which came about in 1950. It started with secondary schools. Education then was controlled by different provinces. Cape Province, Natal, and it depended largely with the province itself whether it provided good education or bad education.

You could see this even with the ordinary building structures of school. In 1950 the government altered the position by saying it is centralizing the education and the education for Africans is going to be out of the hands of the provinces.

Mr. DIGGS. That was 2 years after the present party came into power?

Mr. GCABASHE. Yes, sir, that was 2 years after. They came into power in 1948. Then in 1953 they passed the Bantu Education Act. Subsequently they passed an act of closing the doors which were still

open to a few universities which were white, that is the Witwatersrand and the Cape Town Universities. Those were the only two which could accept Africans.

Then they created tribal colleges. These tribal colleges have lately been given status of universities, which means that no outside country will recognize their qualifications.

Mr. DIGGS. That has affected Fort Hare?

Mr. GCABASHE. It has affected Fort Hare. And generally I would make an example. Take the nursing course. A nurse had to pass matrics, which is equivalent here to precollege standards, in order to be a qualified nurse. Because a lot of students cannot pass matric lately, the standard of nursing has been dropped by merely producing what is called probational nurses, who are not qualified nurses. They are just ordinary laborers who are taught how to handle a patient, but it is not a nurse that we knew in the past.

Mr. DIGGS. Could you expand on your reference to the reasons that you felt compelled to leave that country?

Mr. GCABASHE. Well, it was really terrorization which I had gone through. What would happen at times, you know a man would call in my office to see me on his private matters and after a month or so then police would come to question me about this man. There were many things, in fact, which had gone so far.

With the laws going on in that way, practicing was becoming quite a nightmare.

Mr. DIGGS. I would like to make one comment on your comparison between employment practices here in the United States and employment practices there. I think with all due respect to your legitimate criticisms of how fair employment practices might be implemented, I think it is important to point out that officially in South Africa through the Job Reservation Law there is no equity whereas at least in the United States we have a Federal law and in many of our States we have State laws which establish the official policy as being one which is supposed to be absent of racial discrimination and provide some kind of machinery for the redress of government under those circumstances.

We do not have 100 percent compliance with these statutes, but at least officially there is this kind of difference. I think it is important to point that out.

Since you are a member of the Bar, there were just three or four questions I would like to ask you about certain statutes. For example, the Master and Servant Act. Would you comment on that and particularly how it relates to U.S. business which is operating in that country.

Mr. GCABASHE. Employees, that is, servants are at a disadvantage through this law, because it specifically makes provision which is to the advantage of the employer. Let me take for an example an employee who is complaining about the treatment he receives from his employer.

The act provides that he cannot walk out of work. If he walks out of work, a criminal offense has been committed. In fact, a quarrel which arises through the contractual relationship between the employer and the employee does not become a civil matter. It becomes a criminal matter for which the servant can find himself imprisoned. This happens day in and day out, that an employer who has bad feelings or who reduces payments to the servant at this time because of certain

commitments elsewhere, then he just provokes that quarrel and the man walks away and he reports it to the police.

The man is arrested and locked up. He will not receive his payment and that is how he will get rid of him, too.

Mr. DIGGS. What is the significance of the Industrial Recognition Act?

Mr. GCABASHE. The Industrial Reconciliation Act pretends to provide a machinery which would otherwise have been found by trade unions, that when employees are complaining about payment they cannot strike, but a government-appointed committee will go into the matter and suggest what should be done. What happens invariably is that the employees are told that if they strike, they are going to leave the work.

Of course, they forfeit their rights to be in town, say, like Durban. Then they will have to clear out, because they owe their presence in Durban—so long as they offer their labor—to the employer.

Mr. DIGGS. Now are there acts that require U.S. business like any other business to have pension plans?

Mr. GCABASHE. This is not something which is provided for by the Government. It is just a particular employer who does it.

Mr. DIGGS. Does it have a statutory authorization?

Mr. GCABASHE. For white only, not for blacks.

Mr. DIGGS. There are statutes that provide authorization for pension plans?

Mr. GCABASHE. For pension plans with whites.

Mr. DIGGS. But not for blacks, so that any blacks that work for General Motors or Ford or any other American corporation over there by statute do not, as a matter of law, receive these?

Mr. GCABASHE. That's right.

Mr. DIGGS. Can they do it voluntarily?

Mr. GCABASHE. Yes, they can.

Mr. DIGGS. Are you aware of any U.S. business firms that have such plans?

Mr. GCABASHE. General Motors says it has a plan for its employees. Pension schemes and educational schemes, but with Chrysler it is not the same.

Mr. DIGGS. How about Ford Motor Co?

Mr. GCABASHE. I am not too certain, but I think it is not too—

Mr. DIGGS. Are these volunteer plans that cover blacks comparable or equal to the plans that cover whites?

Mr. GCABASHE. No, they are not.

Mr. DIGGS. They could be? Is that correct?

Mr. GCABASHE. They could be.

Mr. DIGGS. If they wanted to?

Mr. GCABASHE. Yes.

When such a question was put to General Motors, the answer was that their standard of living is low, which of course is a bad argument, as though one chooses to live in an inferior way.

Mr. DIGGS. Do you think within South African law U.S. corporations operating in that country go further than they have gone with respect to this kind of equity? You have already mentioned that they could, for example, cover through pension plans blacks just like they cover whites.

Are there any other areas like this where actually through their own policy they can cover blacks without running into any difficulties with the Government? Can you cite some of those instances?

Mr. GCABASHE. I think theoretically it is possible, but one would be forgetting one thing, that almost all the firms that are there are motivated by profit and when the law provides that you need not do it—you know the Separate Amenities Act, which says that things may be separate but not equal, and in some instances they may be missing altogether—so really take in the question of restrooms. The restrooms that are provided for whites do not compare at all to those provided for blacks.

Mr. DIGGS. The law merely says “separate.” There is no requirement that they be of any less cleanliness or any other factor of that nature?

Mr. GCABASHE. No.

Mr. DIGGS. If there is any difference in the facilities, even though there is a separate law, if there is any difference in the facilities provided for white as opposed to black employees of American firms, in these areas it is because the company itself has engaged in a personal policy with respect to this?

Mr. GCABASHE. Yes, sir, it has certain standards for one group and another standard for another group.

Mr. DIGGS. The gentleman from Pennsylvania, Mr. Fulton, is a member of the full committee. Unfortunately he is not a member of the subcommittee, but he certainly always is welcomed here. I could not help but recall that the last time the gentleman was here the committee ended up on the religious page of the Washington Post, and since the gentleman is a very distinguished member of the Space Committee, I think it is consistent for him to be here and for us to keep him in the heavens.

I yield to the gentleman at this point.

Mr. FULTON. It is always a pleasure to be here with my friend Mr. Diggs as chairman. As I am elected minority senior member of the Near East Subcommittee of the House Foreign Affairs Committee, we have jurisdiction of part of Africa under our subcommittee as well as the Middle East, so I am particularly interested.

I have always been interested in development of Africa. I want to make sure that we can give the opportunity for the developing nations to have the development extend to all their people. When I was at the United Nations as a delegate at the 14th General Assembly, it was my amendment on the Fifth committee that increased the Economic Commission for Africa budget for administrative expenses by 25 percent. So that from the beginning I have wanted to see the United States assist progress in Africa.

I would compliment you on your excellent statement. There was one paragraph, with the chairman's permission, I would like to have you comment on page 5. It is in the second paragraph “Foreign firms do greater harm when they implement government policy by offering jobs to Coloureds rather than Africans. They divide blacks and cause racial friction between blacks.”

How much of a fact is that? I had not known of that previously. Does this condition exist because there are not enough jobs for the number of people so that the competition is high and the policy turns one group against another? What is the background of this statement? How do you mean it?

Mr. GCABASHE. Let me give the background. During the time of the United Party, that is the largely English-speaking group, Coloureds were treated differently from Africans and they still are.

Mr. FULTON. By "Africans" do you mean white people of African descent or people of color of African descent or do you mean a particular kind of tribe? I don't understand how you divide the types of people when you are speaking, in order to read into this what you mean. If you could explain what you mean, I think for the record it might make it clearer.

Mr. GCABASHE. Africans I refer to are aborigines.

Mr. FULTON. So that that is tribal. Aborigines really means people using a tribal system.

Mr. GCABASHE. I would avoid the word "tribal" because given its meaning, it is not so clear. Have you ever heard people speak of an Irish tribe? In fact, the greater you define it, the more you see its confusions.

Mr. FULTON. How do you mean this? If it is not in the tribal sense and it is not really in the color sense, nor is it in the descent sense, I don't grasp what your point is. That is where I lose you.

Mr. GCABASHE. South Africans, I mean the original people, you know, who occupied South Africa before the white man went into South Africa. And the Coloured are people who are offspring, cross between white and black.

Mr. FULTON. I see. By Coloured then you mean what we would mean by Mulatto, is that what you mean?

Mr. GCABASHE. Yes, that is the word they use in other parts.

Mr. FULTON. So that Coloured really means the degree of color rather than a distinction between white, brown, or black in color?

Mr. GCABASHE. This distinction of color between blacks and looking at the hair of the person, whether it is kinky or straight or something like that.

Mr. FULTON. So what do you then mean by this sentence, now that you explain that:

They divide blacks and cause racial friction between blacks. Foreign firms do greater harm when they implement government policy by offering jobs to coloreds rather than Africans.

Mr. DIGGS. Of course the gentleman can respond, but Coloureds do have a statutory—there is a statutory difference between Africans and Coloureds which represent the mixed group and they are accorded a different role, a role above the Africans, but not as high as the whites in the pecking order.

Mr. FULTON. Does that mean, then, there is friction between the Coloured and the people of original African descent?

Mr. GCABASHE. That is what I say is fostered by such action.

Mr. FULTON. So that what kind of friction does it make? Is it competition for jobs or is it discrimination of a social nature?

Mr. GCABASHE. It is competition as well as discrimination. You will find, for instance, that in one family those who are darker will have bad relationships with those who look fairer in the same family. Hence, it is still a way for promoting apartheid and dividing the blacks themselves. Let them quarrel among themselves.

Mr. FULTON. This is separate and apart, for example, from the tribal system where in Tanzania, I guess, there must be 100 tribes—you are not speaking of a tribal system?

Mr. GCABASHE. No, I am not speaking of that. Actually as far as I understand the position, people were divided regionally, not tribally. It is more influenced by language and influence of the customs of the place you live in, so the definition of tribe ceases. You don't see, in fact, how much it goes.

Mr. FULTON. For example, I mentioned Tanzania. If you are speaking, for example, about Tanzania, the national language would be Swahili, and that is Bantu-based with some Arabic and English mixed in. Then every one of those tribes in Tanzania has its own language.

There are over 100 tribes, actually 120 tribes. Now you are not referring to that kind of a differentiation at all when you speak about the country of South Africa?

Mr. GCABASHE. I am not referring to that, though they do it, but it has not affected Africans really.

Mr. FULTON. So that the method of operation by the Government of South Africa is really not seeking to divide by tribes or language or customs, but, rather, to turn one group of color against another group of color?

Mr. GCABASHE. It goes further than that. Given the very tribes—say now the person who comes from Natal generally is a Zulu, a woman who comes from Transvaal may be Zulu-speaking—a person coming from the Cape may be speaking Xhosa—I have a case in mind where two doctors got married together at a medical school in Durban. One was from Johannesburg and the other was from Natal.

The man who came from Johannesburg, when he went back with his wife, the authorities could not accept him because they said he could not live with his wife, who is of a different tribal group. They were dividing the location into Zulu-speaking area, Xhosa-speaking area, and Sotho-speaking area.

Mr. FULTON. Then religion has no effect on this because when we are speaking of Tanzania, we find 30 percent Moslem. There were 25 percent Christian and the remainder are disciples of original African gods.

So there is no real basis of religious discrimination which causes trouble in these areas; is there?

Mr. GCABASHE. No, not really.

Mr. FULTON. There is no such friction as we have in north and south Ireland, for example?

Mr. GCABASHE. No, not religion at all. Rather, it is denominations which came from Europe which look jealously upon one another.

Mr. FULTON. Would you say that this is government-based discrimination or that it is the people themselves who maintain this discrimination among the various groups?

Mr. GCABASHE. Based on what?

Mr. FULTON. Is it government-based discrimination or is it discrimination by the people who have traditionally and inherently divided themselves into these groups?

How do we overcome this hurdle?

Mr. GCABASHE. I believe you create conditions you know where people can live together and understand each other that really there are no differences. But then if you create conditions in such a way that others should think of themselves different from others, then there is that likelihood.

Mr. FULTON. How can Congress take action or enact a statute that will distinguish between the various degrees of colors? How could Congress pass a statute on this question to govern U.S. companies operating in, for example, Tanzania or South Africa? How can we as an American Congress accomplish such a result?

Mr. GCABASHE. I don't see how you can. That is why I don't see how you can function in that society.

Mr. FULTON. Can Congress function, then, in this field of discrimination through U.S. companies in Africa? I ask that with no inference but as a simple inquiry.

Mr. GCABASHE. If you refer simply to Africa, I am speaking of South Africa because South Africa has definite legislation which causes that the conditions cannot be changed, you know, by industrialization and so forth. But in other parts of Africa which have the basic assumptions which you as Americans have, I think it is well and good that you should extend it.

Mr. FULTON. In some countries there is this same discrimination and really to the extreme of ousting of people of Indian descent. Should the U.S. Congress get into that field?

Mr. GCABASHE. Are you thinking of the place like Tanzania or Kenya?

Mr. FULTON. I wouldn't like to name a group of African countries, as I am just talking of general fields. I would rather not speak of specific countries. I am inquiring how does the U.S. Congress implement legislation of this kind, not as to the specific countries? What should the U.S. Congress be doing to meet such situations of discrimination wherever they exist, such as in South Africa?

Mr. GCABASHE. I would say that seeing that you do not have the power of making the law in that particular country, you should go to countries which more or less imitate your system. You stand for no discrimination and where there is discrimination, you keep out of it.

Mr. FULTON. Does that mean that we should keep American business out of any country when there is a different political system than ours or a dictatorship of the left or the right?

Mr. GCABASHE. Well, you know, I think you can consider a number of things. You can be influenced by a number of factors, and you can come to one conclusion, which is a greater evil. In this particular case of South Africa I say it is a greater evil to go there and defend a system, because if you go and function in a country like that—for instance, South Africa is trying hard to become independent economically. So it has compelled foreign automobile manufacturers to produce 65 percent of each vehicle made, locally, and are going on progressively to a 100 percent locally manufactured vehicle. This means as soon as they attain this and feel self-sufficient, your usefulness to them will be over. But you will, however, have supported and protected our oppressive system.

Mr. FULTON. Even though the common people gain through having salaries, homes, and jobs through American industry?

Mr. GCABASHE. Yes, but the salaries are so low, even the American firms cannot change that.

Mr. FULTON. How does the U.S. Government operate in this field without trying to impose our system of Government on the local gov-

ernments through the actions of our American corporations? Isn't that dollar diplomacy? Isn't that imperialism?

Mr. GCABASHE. I would say you better have certain standards, certain morals which you would say, "I think these morals are good" and they would apply anywhere. You should not say, "Under this condition this becomes moral though it is immoral. Under this condition this does not become immoral, though it is."

Mr. FULTON. Well, for example, we have talked of Tanzania, now the Communist Chinese are moving in. I believe it is an amount of \$400 million they are putting into one country alone, Tanzania. The United States has had a commitment of about \$100 million. Should Congress sit back and let the Communist Chinese move in and put their system in? Or should American companies that are free industrial enterprises not run by the U.S. Government be permitted to operate in these areas, and with their modern-day methods and enlightened social concepts start the local indigenous people along the road toward what your goal is?

What should Congress do? Should Congress just sit back and let Red China move in?

Mr. GCABASHE. I would say let the people choose. If they choose the way of Red China, let them do it. It is their own business.

Mr. FULTON. But the trouble is once that kind of a military dictatorship gets started, there is no choosing. The opposition is all eliminated, exterminated.

Mr. GCABASHE. It appears it also applies the same way to the other side.

Mr. FULTON. I want to congratulate you on your presentation and also to thank you for this dialog, because you have been very instructive to the members of the committee, I am sure.

Thank you, Mr. Chairman.

Mr. DIGGS. Thank you very much and the committee stands adjourned until the call of the Chair.

(Whereupon, at 5:40 p.m. the committee adjourned until Thursday, June 3 at 10 a.m.)

U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

THURSDAY, JUNE 3, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE OF AFRICA,
Washington, D.C.

The subcommittee met at 10 o'clock a.m., in room 2200, Rayburn House Office Building, Hon. Charles C. Diggs (chairman of the subcommittee) presiding.

Mr. Diggs. The subcommittee will come to order. In the investigation by this subcommittee to ascertain the facts as to U.S. business involvement in Southern Africa, the implementation of the policies of the U.S. Government itself with respect to these businesses is of paramount importance.

The announced policy of this Government is to seek change to majority rule in all of the minority ruled countries of Southern Africa. Secretary Roger's statement on United States and Africa in the 1970's, of March 26, 1970, declared, and I quote:

We shall work to bring about change of direction in parts of Africa where racial oppression and residual colonialism still prevail. At the same time, we cannot accept the fatalistic view that only violence can ultimately resolve these issues. Rather, we believe that solution lies in the constructive interplay of political, economic, and social forces which inevitably lead to changes.

This morning we have asked the Export-Import Bank of the United States to appear before the subcommittee to advise us of the facts on policy which the Bank follows in Southern Africa in implementing its general mandate to develop trade between the U.S. exporters and other countries, while at the same time adhering to the policies of this Government with respect to the minority-ruled countries of Southern Africa, specifically to permit the economic forces in these countries to operate toward change.

We shall also have appearing before the subcommittee a witness who has made an on-the-ground investigation of employment practices of some U.S. businesses in South Africa, and a witness who will address the role of the church, his church, with respect to activities of U.S. banks in South Africa.

Representing the Export-Import Bank of the United States, Mr. Don Bostwick, Executive Vice President; John E. Corette III, General Counsel; and Eugene E. Oakes, Vice President for Planning and Research.

Mr. Diggs. Mr. Bostwick has a prepared statement, and you may proceed.

**STATEMENT OF DON BOSTWICK, EXECUTIVE VICE PRESIDENT,
EXPORT-IMPORT BANK OF THE UNITED STATES**

BIOGRAPHY

Don Bostwick joined Eximbank in May of 1969 as Vice President for Planning and Export Expansion. He was appointed Executive Vice President in February, 1970. From June 1966 until joining the Bank, he held the position of international marketing representative with North American Rockwell in Washington, D.C. He had previously served with Eximbank's Chairman Henry Kearns as a vice president of Kearns International, and as confidential assistant to Mr. Kearns when he was the Assistant Secretary of Commerce for International Affairs. Mr. Bostwick has also held positions with Lockheed Aircraft Corporation and the United States House of Representatives. He is a graduate of George Washington University.

Mr. Bostwick. Thank you, Mr. Chairman and Mr. Fulton.

It is a distinct privilege for us to appear before your committee. We at the Export-Import Bank do not often have the opportunity to discuss our activities with members of the Foreign Affairs Committee, and we therefore appreciate greatly your invitation for us to be with you here today.

We are quite proud of our activities, which are directed toward achievement of one particular goal: a significant expansion in U.S. exports.

For at least 15 years, Congress and the executive branch have recognized the need for export expansion. Usually this need has been related by Government people to the absolute necessity of strengthening the position of the Nation's balance of international payments. And, today, satisfaction of this need is no less urgent. We look at the latest balance of trade figures and find that during the month of May this Nation actually had a deficit—we imported more than we exported. We look at the latest balance-of-payment figures, and we see a challenge that demands the greatest effort each of us can apply to the problem.

We must not overlook, however, the very real and finitely more tangible benefits we derive from exports.

Export mean jobs—on the farm, in mines and forests, on boats at sea, in tens of thousands of manufacturing plants in every State of the Union; in banking, in insurance; on the railroads and highways, and along the airplanes.

Exports mean economic stability—for many producers, the difference between profit and loss; for the consumer, the difference between the higher prices of a shorter production run and the lower prices resulting from economics of scale; for our Nation, the difference between a healthy international monetary system and continuing large-scale deficits in the balance of payments.

While exports provide all these benefits, we have learned from experience that exports just don't happen merely because we in Government say they are good. Exports happen only when a salesman makes his sale to a foreign buyer. And we are finding that more and more this sale depends upon adequate export financing.

Much of what this Nation produces best, and sells in volume overseas, consists of the large technology-intensive goods with price tags beyond the ability of most buyers to pay cash. Consequently, most buyers seek and demand terms—terms corresponding usually to the

economic payout of the items he buys. But even on the smaller items, the "buy now, pay later" philosophy of the Americas has become an international fact of life. And if our salesman won't offer "pay later" terms, he has a host of overseas competitors who will—with their governments' full backing.

Governments on all continents support their exporters with export financing. The several of the developing nations that don't are now working on such schemes. Indeed, the white heat of competition which our exporters face in making sales abroad is intensified by the availability of Government-supported credit almost everywhere.

This is where the Export-Import Bank serves its purpose.

Since its inception in 1934, and more particularly since its reincorporation in 1945, Eximbank has stood behind U.S. exporters in helping them meet those credit needs of their customers which the commercial banking system could not or was unwilling to fulfill. Today, however, the credit needs of our overseas customers have increased greatly. Moreover, the national requirement for export expansion means that we must make certain that the American exporter does not lose a sale because of a lack of export financing.

In fiscal 1969, Eximbank activities supported export sales valued at \$2.9 billion. In fiscal year 1970, Eximbank activities supported export sales valued at \$5.5 billion—up 90 percent over the previous year. This year we expect to support an even greater volume of sales. We are attempting to do our part, and we believe most exporters will agree that Export-Import Bank activities are important and helpful—as far as they go.

We could and should be doing even more. Yet our ability to assure U.S. exporters of flexibility and continuity in financing their sales is severely hampered by the inclusion of Eximbank's activities in the Federal budget. While Eximbank does not use appropriated funds and, indeed, from its profits each year pays a \$50-million dividend to the U.S. Treasury, the cash-in, cash-out accounting system imposed on the Bank by unified budget procedures actually deprives the Nation of the full impact which Eximbank could make on improving America's position in world trade.

Recognizing that Eximbank activities are unsuited to normal Government accounting procedures and that the greater expansion of exports requires that Eximbank have the flexibility and continuity to meet increasing needs, the Senate has approved a bill, S. 581, by a vote of 67 to 1, which would remove Eximbank activities from budget calculations. We have just concluded hearings in the House Banking and Currency Committee, and we are hopeful that the House, too, will find it appropriate to approve this worthwhile and necessary legislation.

In commenting on this legislation, we want to emphasize that the pending legislation, if enacted, would in no way reduce congressional control over Eximbank activities. We still would be required to appear before the Congress each year to account for previous activities and to justify the need for our business plan for the forthcoming fiscal year, which annually would be transmitted to the Congress in the budget documents.

If Eximbank is to meet its obligations to the Nation and its exporters, enactment of this legislation is a must.

Certainly, Eximbank should be doing more on the African Continent. The proportion of Eximbank resources committed to that vast and exceedingly important region is entirely too low. At the same time, a significant portion of the expanded exports we seek could result from increased marketing effort by U.S. suppliers in that growing market.

We speak with knowledge gained from travel through Africa. An Eximbank Director, Tom Lilley, has closely examined the markets in Zambia, Tanzania, Kenya, and Uganda. Our Chairman Henry Kearns, only recently has returned from the Congo, Gabon, Cameroon, Nigeria, Ivory Coast, Algeria, and Morocco, where he discussed prospects for increased U.S. sales with hundreds of African businessmen and Government leaders. In addition, we have had the opportunity to discuss the needs of several African nations during the occasions of visits to Washington by their leading officials.

All of us believe strongly that additional effort by our export salesmen in Africa, backed by the export financing facilities of Eximbank, could and would lead to a substantial increase in U.S. exports.

It is important to understand the full range of Eximbank's export financing facilities and how these facilities may be used to gain increased exports.

Each of Eximbank's programs is responsive to the mandate of the Congress that the Bank "should supplement and encourage and not compete with private capital."

First, Eximbank has the authority from the Congress to make direct loans. We make such loans in cooperation with private capital.

In a program we call participation financing, Eximbank will loan directly to the overseas borrower an amount equal usually to 45 percent of the purchase price, after a 10-percent cash payment, and will help arrange a loan directly to the overseas borrower by a commercial bank for the remaining 45 percent.

In another program we call the Cooperative Financing Facility, we work with financial institutions overseas in financing exports of U.S. goods and services by establishing a "line of credit" with those institutions equal again, usually, to 45 percent of the purchase price. This latter program is perhaps the most exciting in potential of all the programs we offer, and its application to Africa is quite promising. We take Eximbank facilities directly to the marketplace, where they have an on-the-spot availability to hundreds of local small- and medium-sized businesses. The overseas buyer does not have to be an expert in international finance—he needs only a working relationship with his local banker.

Mr. Chairman, our Board of Directors this morning has considered one of these agreements with the Congo, where Eximbank will put up a line of credit of \$5 million to be matched by a Congo bank. We hope that this will result in sales of perhaps \$12.5 million worth of U.S. goods and services to the small- and medium-size buyers in the Congo.

Second, Eximbank has the authority from the Congress to guarantee and insure export obligations.

In one program which we call commercial bank exporter guarantees, Eximbank will guarantee repayment of export debt obligations acquired by U.S. banking institutions without recourse from U.S. ex-

porters. By using this program, the U.S. exporter can sell his goods on terms to the foreign buyer, accept that buyer's note, and then sell the note to his local commercial bank in the United States. The commercial bank is willing to buy that note because Eximbank guarantees the payments on the note. In contrast to the direct loan procedures which take Eximbank to the marketplace, the commercial bank exporter guarantee program takes Eximbank directly to the exporter through the vast network of the U.S. banking system.

In another program, handled in cooperation with FCIA, an association of some 50 stock and mutual insurance companies, U.S. exporters may insure their export receivables against loss resulting from failure of their buyers to pay, for commercial or political reasons. The exporter may retain these insured receivables for his own account, or he otherwise is normally able to arrange favorable financing of his receivables because of the security and collateral afforded by this insurance. Several types of policies are available for this purpose.

Third, Eximbank, under its commercial bank export credit loan program, more popularly known as the discount loan facility, will lend to U.S. commercial banks and Edge Act corporations up to 100 percent of their eligible export debt obligations. This program assures banks of liquidity for their export transactions and also offers banks a means of countering foreign government-supported export financing in highly competitive situations.

These, then, are Eximbank's tools for fulfilling its assignment for export expansion.

The committee has asked specifically for details on Eximbank's operations in certain areas of Africa. We must say that in the context of our assignment for export expansion, we do exercise considerable restraint in many of those particular countries. Eximbank is required to conform with the foreign economic policies of the U.S. Government.

Here is the record:

1. Within Portuguese Africa, which includes the Provinces of Angola, Mozambique, Portuguese Guinea, Principe, Sao Tome and the Cape Verde Islands, Eximbank currently has exposure only in Angola and Mozambique.

Our current exposure in those two provinces amounts to just \$18 million, and the bulk of that results from the support of two sales of U.S. locomotives—a credit to Mozambique in 1952 and a credit to Angola in 1967.

All Eximbank programs are open for Angola and Mozambique. Although Angola and Mozambique are provinces of Portugal and ultimately governed through Lisbon, they have the authority to contract external debt. Under the short- and medium-term programs, the guarantee of a provincial bank in Angola or a bank in Mozambique may be requested. For larger transactions under these programs and direct credits, the guarantee of a Portuguese bank may be required. If requests were received for unusually large credits and guarantees, the Bank might require the Government of Portugal to act as the borrower.

All Eximbank transactions are discussed with the Department of State in order to avoid Eximbank involvement in situations which could be, or are, of a sensitive political nature.

When no such considerations are involved, we believe business in Portuguese Africa to be desirable.

2. Within the countries of Botswana, Lesotho, and Swaziland, Eximbank exposure amounts to a single \$10,000 short-term insurance line in support of sales of books to Lesotho.

These countries are treated as individual, sovereign nations, and cases are decided on the bases of the economic situation prevailing in each country at the time and of the merits of the transaction.

3. In the case of South West Africa, the United States does not recognize South Africa's authority over Zambia and Eximbank does not do business with this country.

4. Our business with the Republic of South Africa is limited generally to the guarantee or insurance of exporters' receivables in the short- and medium-term field. Our current exposure in this regard totals \$21.6 million. We have no direct loans outstanding.

The bulk of our exposure in South Africa consists of guarantees involving sales of steel foundry equipment and locomotives and insurance involving sales of small aircraft and construction equipment.

This, then is the Eximbank record in four particular areas and, as the committee may note, our involvement is relatively minimal.

In that regard, Mr. Chairman, I might point out that our total exposure in the Republic of South Africa is \$21 million. Total exposure in Mozambique and Angola combined approximates \$18 million, and this is less than the price of one Jumbo Jet aircraft that we finance in significant quantities to airlines throughout the world.

So, by comparison we think it is fair to say that our involvement is relatively minimal.

Each of our transactions in these as well as all areas of the world is subject to policy guidelines established by the National Advisory Council on International Monetary and Financial Policies, an inter-agency committee chaired by the Secretary of the Treasury and including the Secretaries of State and Commerce, the Chairman of the Federal Reserve Board, and the Chairman of the Export-Import Bank. Moreover, we consult with the Department of State on the individual credit transactions. Our actions in this way are in consonance with total Government policy.

While the committee understandably is concerned with the four areas just mentioned—and we have omitted Rhodesia, as you may note, because of the embargo—we would like to mention again the export expansion assignment of the Export-Import Bank and say that we are concerned also with our relative lack of trade with the other areas of Africa. It is our hope that trade with these other areas can be expanded greatly, and we are taking steps to turn that hope into reality.

We are working on coordinating agreements with certain of these governments to work out arrangements for close cooperation in extension of our credits to both the governments and private enterprises within the countries. In the Cooperative Financing Facility program I mentioned, we could make lines of credit available which again would be of particular benefit to small- and medium-size businesses in those countries.

We have a preliminary commitment procedure which allows us to give advanced assurance to businesses, both here and in those countries, that we are prepared to support sales of U.S. goods and services. We think that American exporters should be encouraged to go over there.

We think that in some instances there could be a lack of interest because of the European economic domination still existing in the countries. While the countries that we are discussing here, where we think we can find this expansion that we talked about, are independent, the supplier ties in those countries are still back with the European countries, and it is those ties that we think that we can help break.

Our operations do benefit the U.S. economy. In our operations we support disbursements in dollars only in the United States. All repayments of principal and interest are made in dollars in the United States. This is a plus factor for U.S. employers in all sectors of the economy and to their hundreds of thousands of employees.

That concludes my statement, Mr. Chairman.

Mr. DINGS. Thank you very much for this very informative overview of the activities of the Export-Import Bank. And I regret that your contacts with the Foreign Affairs Committee have been limited, because, to the extent that it has, I think we are not as well informed as perhaps other committees before which you appear more frequently.

The gentleman from Pennsylvania, who is a member of the full committee but, unfortunately, not a member of the subcommittee, indicated that he had a conflict this morning. And, so, I would yield to the gentleman for any questions or comments that he may care to make at this time.

Mr. FULTON. Thank you, Mr. Chairman.

I believe you have given an excellent statement. The question is, shall Congress put the foreign policy of the United States covering such transactions into the framework where the Export-Import Bank will be limited only to dealing with countries with democratic principles, and that practice no discrimination whatever of any type against anybody because of race, creed and color, or national origin?

Should our U.S. commercial foreign policy relating to Export-Import Bank be limited that strongly?

Mr. BOSTWICK. I don't believe so, Mr. Fulton.

You use the word "democratic" to describe certain countries; of course there are many markets in which we are permitted to deal where the government is not a democratic form of government.

Mr. FULTON. Would you put in the record if that kind of requirement were imposed, how that would limit Export-Import Bank transactions in dealing with countries in all of Africa?

Mr. BOSTWICK. Yes, we will.

(The information referred to follows:)

Were Eximbank restricted in its financing of U.S. exports to those African markets which are ruled by "democratic" governments as the term is understood by most Americans, a serious loss in overseas sales could result. Eximbank is not insensitive to the plight of those ruled by undemocratic governments. However, we must recognize that withholding our support of sales to such countries will have very little practical effect in the country. In almost every instance whatever is sought from the United States can be obtained elsewhere, where foreign governments are only too willing to replace the U.S. as a supplier. The net result is then that the U.S. exporting community is harmed without any real offsetting benefits.

Mr. FULTON. So this committee and the U.S. Congress can see just how such restrictive policy would affect the Export-Import Bank operations and therefore American business. I am referring not only to the dictatorships of the Left, but of the Right, and just plain re-

pressive, or military, even traditional governments of no particular political principles except holding power. Where U.S. businesses are competing, for example, with U.S.S.R. or other Communist countries, so that if Eximbank would not move into the field, it would leave many world areas solely to other countries for exclusive trade. When the United States of America, Japan, and U.S.S.R. are competing with European countries, this present U.S. commercial policy is keeping open competition. Therefore it is keeping prices low for many of the less developed peoples by having the competition, even though the American people do not approve the kind of government which these countries presently have.

Can you supply that with the chairman's permission?

Mr. DIGGS. Without objection, it is so ordered.

Mr. BOSTWICK. Yes, sir.

(The information requested follows:)

As mentioned in our response to the earlier question regarding "democratic" governments in Africa, the withholding of Eximbank support from sales of U.S. equipment and services to buyers in "non-democratic" countries would in most cases have little positive result for the people subjected to such non-democratic rule and would merely serve to divert procurement to other supplier countries. The principal impact would be borne by U.S. exporters resulting in a loss of benefit to the U.S. balance of payments. Such diversion of procurement occasionally could help communist countries, but more frequently the suppliers would be in Western Europe and Japan. Recognizing that credit today is an important sales tool, Eximbank seeks to assure our exporters of adequate financial assistance within the limits imposed by the legislation under which Eximbank operates and the requirements of U.S. foreign economic policy as determined for Eximbank by the Department of State and the National Advisory Council on International Monetary and Financial Policies.

Mr. FULTON. Thank you, Mr. Chairman, for your courtesy.

Mr. DIGGS. Mr. Bostwick, about the real purpose of the Eximbank, is it not to help nations by promoting economic stability and development? It is not just involved in promoting the profit for American business people?

Mr. BOSTWICK. Mr. Chairman, the principal function of the Export-Import Bank is to promote exports from the United States. Profits result, and so do jobs, and so does this Nation's ability to cover other of its international expenses—expenses that we incur by importing goods from other countries; the outflow of dollars that we incur by the travel abroad of American tourists; by our various international commitments; and by the Department of State and the AID agency, and, of course, the Department of Defense. These are expenditures of the country. It is necessary that we earn income from exports and cover those expenditures that have—

Mr. DIGGS. I understand it is an important fallout of the use of your facilities to build up the economies of the recipient nations.

Mr. BOSTWICK. Certainly that is a fallout.

Mr. DIGGS. That is all I am trying to establish. And therefore, you admit this, that it does in fact help support governments in power; is that not a fair assessment?

Mr. BOSTWICK. It helps support the beneficiary of the export, which may be a government or may be a private enterprise.

Mr. DIGGS. How do such policies square with our policy stated by Secretary Rogers which I referred to in the opening statement, that is, to seek change in these countries by the opening of economic forces?

I refer to a statement in this brochure; namely, and I am quoting from your own brochure—"More nations are able to raise their economic sights because U.S. equipment, services, and technology are available to them."

Is not providing economic facilities and services to the areas in question helping to raise the economic sights of South Africa and Portuguese Governments and their territories?

Mr. BOSTWICK. Certainly to the extent that there is this economic development fallout, and this certainly is the case in most of our activities, where there is an economic enterprise created which, importantly, creates jobs. And, when you have jobs created, and particularly in those high technology areas in which U.S. equipment generally is used, you carry with it an educational process so that the quality and ability of your workers are improved. Certainly the benefits of this economic development would inure more greatly to the benefit of the people than they would to officials.

Mr. DIGGS. In reference to the question and comments made by the gentleman from Pennsylvania, Mr. Fulton, about participating in countries where our political views may be different, I would call to your attention that the Bank is specifically prohibited by legislation from participating in financing sales to Communist countries unless the President determines that it is in the national interest to do so. Is that correct?

Mr. BOSTWICK. Yes, sir. There is a further provision that in effect covers our sales to Communist countries, which I am sure you are aware of, and this is the so-called Fino amendment. The provision, in effect, removes the Presidential discretion to which you have just referred.

The burden of the Fino amendment is that Eximbank cannot finance the sales of goods and services to any country the government of which has provided assistance to a country engaged in armed conflict with the United States.

Mr. DIGGS. Now, the Eximbank literature also states that "With the advent of the Nixon administration" a policy review has been undertaken. The question is: was a review made with respect to South West Africa, South Africa and Portugal? And, if so, what were the results?

Mr. BOSTWICK. Recently a review was made of our policy in the Republic of South Africa, where basically we moved from a limit of 5-year terms on medium-term insurance and guarantee transactions to cover a medium term which was normal in international trade. An earlier review relating to South West Africa terminated Eximbank's activities in that area in mid-1970.

It was believed that this change was necessary to counter the competition offered by other foreign government-supported exporters. If a particular piece of machinery warranted 6-year terms instead of 5-year terms, any place in the world, and other suppliers were offering 6-year terms to the Republic of South Africa, we felt that we should match those terms in kind.

The policy review that we refer to in the passage that you read pertains more particularly to what we like to think of as our expansionist outlook in the operation of the Export-Import Bank. Certainly with the international competition increasing and the ability of U.S. ex-

Mr. DIGGS. So, if they approve a direct loan application by Portugal, it means that the State Department considers that there are no sensitivities at all in connection with this loan?

Mr. BOSTWICK. They would look at the circumstances of each loan and make that determination; that is correct.

Mr. DIGGS. That is very interesting. Was the GE application for a loan for Cabora Bassa an application for a direct loan to a foreign borrower?

Mr. BOSTWICK. Well, the GE application was for a preliminary commitment, and this preliminary commitment as it was requested would identify the Government of Portugal as the obligor of any Eximbank loan or any loan guaranteed by Eximbank.

Mr. DIGGS. In considering applications from Portugal, does the Bank take into consideration the activities of liberation groups in that territory? I noticed in your testimony that apparently you did not have any transactions in Guinea Bissau or Cape Verde Islands.

Mr. BOSTWICK. That is right.

Mr. DIGGS. Then, is it a matter of who is in effective control of a given area? Since the liberation movement is in control of Guinea-Bissau, as opposed to Angola and Mozambique, is that the consideration that establishes a policy for not becoming involved in Cape Verde and Guinea-Bissau?

Mr. BOSTWICK. Mr. Chairman, I can't answer that question. I think that is a question that best would be put to the State Department people, and I believe they will be here before your committee. We have done no business in these areas. If applications did come in, they would be considered on a case by case basis and we would consult the State Department before acting.

Mr. DIGGS. Then you are saying again that it is the State Department that makes these foreign policy considerations?

Mr. BOSTWICK. That is correct.

Mr. DIGGS. If they say it is OK, then that is it. Is that correct? I would like to throw that question at them when they come before the committee.

Mr. BOSTWICK. I would like to say that even if the State Department says a particular transaction is all right, this still doesn't mean that the transaction is going to be approved by the Eximbank with the concurrence of the National Advisory Council.

Mr. DIGGS. Well, I understand that. Did the Eximbank fund the Bell helicopters for the Zambesi Dam Authority?

I understand that in 1970 and 1969, Eximbank financed a sale of Boeing 707's to TAP, which is a state owned corporation of Portugal.

Mr. BOSTWICK. That is correct.

Mr. DIGGS. Which chartered the planes to be used by the Portuguese military for use in troop transport.

Mr. BOSTWICK. The primary function of TAP is to operate a commercial airline, and they have operated a very good one. As a matter of fact, it is a very profitable airline on their commercial airline routes and it was the commercial application of those aircraft which, of course, was the compelling factor in the loan.

That organization, with its good profit position, can afford these airplanes and can repay the loans as we have them scheduled.

Mr. DIGGS. I am just talking about the use of it. The fact, or the consideration, that it might be usable for troop transport just wasn't particularly important to you. Is that correct?

Mr. BOSTWICK. I think you have to consider that even in this country, if there is a national emergency, all of the airplanes owned and operated by commercial airlines would be put to a national use. But the primary purpose of the airplanes is, of course, to fly passengers commercially from one point to another.

Mr. DIGGS. What about those helicopters?

Mr. BOSTWICK. I am not familiar with the helicopters.

Mr. DIGGS. Bell helicopters for the Zambesi Dam Authority.

Mr. BOSTWICK. I can supply this for the record, Mr. Chairman. I am sorry.

(The information referred to follows:)

Eximbank did not finance, guarantee, or insure the sale of Bell helicopters for use by the Zambesi Dam Authority.

Mr. DIGGS. It is reported that in 1967, General Electric received an Eximbank loan for \$7.9 million and another for \$1.2 million for transport equipment for the Kasinga iron mines in Angola. Would you comment on that?

Mr. BOSTWICK. Yes, sir; I will.

Mr. DIGGS. Was this a loan to the Government of Portugal? Would you include a response in your comments to that?

Mr. BOSTWICK. This is 1967? Yes; the transaction that we can identify here totaled \$6.8 million. It covered railroad locomotives. There is outstanding in this total that I have given you in my statement \$6.3 million. The credit was to a company that is partly Government owned.

Mr. DIGGS. Partly what, 51 percent or less or what?

Mr. BOSTWICK. It was 25 percent Government-owned at the time.

Mr. DIGGS. Has the Government share been increased since that?

STATEMENT OF EUGENE E. OAKES, VICE PRESIDENT, PLANNING AND RESEARCH, EXPORT-IMPORT BANK OF THE UNITED STATES

BIOGRAPHY

Eugene E. Oakes served Eximbank as a Fiscal Economist, International Economist, Chief of the Eastern Latin American Division and Chief of the Latin American Division, prior to his election as Vice President for Planning and Research in July, 1970.

Before coming to Eximbank in 1952, Mr. Oakes was: Instructor and tutor in Economics, Harvard and Radcliff, 1934-38; Assistant Professor of Economics, Yale University, 1938-42; Fiscal Economist, Division of Tax Research, U.S. Treasury, 1942; Economist, Division Ship Control, War Shipping Administration, 1942-43; Active Duty, U.S.N.R., 1943-46; Economist, Staff of the Congressional Joint Committee on Internal Revenue Taxation, 1946-51; Lecturer, Fiscal and Monetary Policy, Georgetown University Graduate School, 1948-51; Consultant on Taxation, President's Materials Policy (Paley) Commission, 1951; Fiscal Economist, National Security Resources Board, 1951-52. From 1953 to 1956, he was Chief, Tax Division, Analysis Staff, Treasury Department.

Mr. Oakes holds a B.S. from Northwestern University (1931) and a Ph.D. in Economics from Harvard University (1934). He is a member of the American Economic Association, the National Tax Association, and the Tax Institute of America, and is the author of numerous articles on taxation.

Mr. OAKES. By 1969, the Government of Portugal owned 75 percent of the capital stock; the provincial government of Angola owned another 10 percent.

Mr. DIGGS. Has Eximbank made any further transactions with respect to these mines?

Mr. BOSTWICK. Not that I am aware of.²

Mr. DIGGS. Does Eximbank make direct loans available to South Africa?

Mr. BOSTWICK. No.

Mr. DIGGS. What final commitment for direct loans has Eximbank made for loans to these countries in the past several years?

Mr. BOSTWICK. Well, in Angola the last one was extended in 1967 and that is the only one. In Mozambique, again there was just one transaction and that was for railroad construction and equipment. That total was \$17 million. That loan was made in 1952, and currently only \$5.3 million is outstanding. That is the extent in Angola and Mozambique.

In South Africa, the last two loans authorized, both of which are now terminated, were, in 1952, to the Electric Supply Commission—the amount of the loan was \$19.6 million—and then, in 1959, a loan of \$5.5 million covering aircraft.

In 1961 the Bank indicated its willingness to finance two pulp refiners valued at \$61,000 for a pulp and paper project, but the loan lapsed, and the funds were never used.

Mr. DIGGS. Are there any preliminary commitments for direct loans that have not become final commitments?

Mr. BOSTWICK. To any of those countries?

Mr. DIGGS. And further, are any applications pending for such loans to those countries in the same category?

Mr. BOSTWICK. I don't believe we have any pending. With respect to preliminary commitments that have been issued to the applicant, we do have an outstanding commitment in Mozambique which would make Eximbank services available for the support of a sale of approximately \$3 million.

Mr. DIGGS. Well, if after further review of your records, though I understand you may not have them with you, you might be able to answer that question more fully, we would appreciate it.

Mr. BOSTWICK. We have attempted to bring as much information as we could, Mr. Chairman.

Mr. DIGGS. We will turn momentarily to guarantees of loans. Would Eximbank consider the application for guarantee of a loan made by a U.S. financial institution to a South African purchaser of U.S. goods or services, or to a purchaser in Angola or Mozambique? Would they guarantee a loan by a U.S. bank to a South African or Portuguese purchaser?

Mr. BOSTWICK. We would to an Angola and Mozambique purchaser; but probably not to the Republic of South Africa.

Mr. DIGGS. You say probably not?

Mr. BOSTWICK. All of this, any of these transactions would have to be cleared with the Department of State. In the case of the Republic

² Subsequently verified.

of South Africa, the Bank would provide exporter credit guarantees or insurance only within the limits described earlier.

Mr. DIGGS. Would Eximbank consider application for the guarantee of a loan by a non-U.S. financial institution to a South African purchaser of U.S. goods and services? Or to a purchaser in the same category of Angola and Mozambique?

Mr. BOSTWICK. In all cases, only after consultation with the Department of State.

Mr. DIGGS. And you would be governed by their answer to that?

Mr. BOSTWICK. Yes; we would.

Mr. DIGGS. Would Eximbank guarantee a loan by a South African or Portuguese bank?

Mr. BOSTWICK. Certainly we would guarantee a loan by a Portuguese bank. Are you relating those to sales to these particular countries?

Mr. DIGGS. A loan by a South African or Portuguese bank.

Mr. BOSTWICK. To any purchaser of U.S. goods and services?

Mr. DIGGS. Yes.

Mr. BOSTWICK. Certainly we would. The advantage of doing this, Mr. Chairman, is one that is quite apparent. It relates to your balance-of-payments accounting system. When you have an export of American goods or services, you have a plus on your balance of payments. But that plus is offset to the extent that credit is generated from the United States.

Now, if that credit is not generated from the United States, but rather is extended from outside of the United States, we have an immediately beneficial impact on our balance of payments. So, it has been our policy to encourage overseas purchasers of U.S. goods and services to obtain financing to the extent that they can from non U.S. sources. This is a balance-of-payments policy that we have.

Mr. DIGGS. What are the other guidelines with respect to your policy involved with these kinds of guarantees? You have some guidelines, I presume, for these kinds of guarantees and I am curious as to what they are.

Mr. BOSTWICK. Under the usual criteria for Eximbank activities, first of all there has to be reasonable assurance of repayment, except for one group of transactions which the Congress has authorized us to approve on the basis of only sufficient likelihood of repayment. This is the so-called export expansion facility that the Congress approved 3 years ago.

Then the loan would have to follow those terms customary in international trade. In other words, we wouldn't guarantee a loan that called for repayment that was in excess of the repayment terms that we would otherwise consider on a direct loan.

Also, the benefits of the loan must be for the export of U.S. goods and services.

Mr. DIGGS. I would like to yield at this point to the gentleman from Pennsylvania, Mr. Whalley.

Mr. WHALLEY. Thank you, Mr. Chairman.

It is good to see you, Mr. Bostwick.

Mr. BOSTWICK. Thank you, sir.

Mr. WHALLEY. I am very much interested. You say in your statement:

We are quite proud of our activities, which are directed toward achievement of one particular goal: a significant expansion in United States exports.

For at least fifteen years, Congress and the Executive Branch have recognized the need for export expansion. Usually this need has been related by Government people to the absolute necessity of strengthening the position of the nation's balance of international payments. And, today, satisfaction of this need is no less urgent. We look at the latest balance of trade figures and find that during the month of March this nation actually had a deficit—we imported more than we exported. We look at the latest balance of payments figures, and we see a challenge that demands the greatest of effort each of us can apply to the problem.

In other words, your Bank's principal activity is U.S. exports?

Mr. BOSTWICK. That is correct, sir.

Mr. WHALLEY. And not necessarily or primarily the politics of that particular country?

Mr. BOSTWICK. That is correct.

Mr. WHALLEY. Has the State Department had the same policy on exports, imports with Africa since 1961 or has there been a change since that time?

Mr. BOSTWICK. I don't know, Congressman.

Mr. WHALLEY. There has been no change lately?

Mr. BOSTWICK. There was the review that I referred to earlier in response to the Chairman's question.

Mr. WHALLEY. I think we are overemphasizing the so-called review. We keep talking about the State Department. I wonder whether there are new rules by the State Department just recently.

Mr. BOSTWICK. No, sir; not that I am aware of.³

Mr. WHALLEY. Would you have U.S. import-export figures for South Africa?

In other words, you say we need exports. I am interested in knowing what we are doing with not only South Africa but the balance of Africa.

Mr. BOSTWICK. I believe we have a favorable balance of trade with South Africa.

Mr. WHALLEY. I would also like to ask for the imports and exports on Nigeria and other countries in Africa. Perhaps someone can be looking it up and give it to us.

Mr. DIGGS. If the gentleman will yield. I don't think they are prepared today to give it for areas outside of southern Africa because the latter is the subject of our hearing, but I am sure they will be delighted to provide the other information for the record.

Mr. WHALLEY. South Africa and other parts of Africa—individual countries, if you have them, like Nigeria.

Mr. BOSTWICK. We will provide the figures we have from the Department of Commerce.

(The information referred to follows:)

³ Subsequently verified.

TABLE I.—U.S. TRADE WITH AFRICAN COUNTRIES, CALENDAR YEAR 1969 AND 1970¹

EXPORTS TO, IMPORTS FROM, AND TRADE BALANCES

[Value in millions of U.S. dollars]

Country	1969			1970		
	Exports to	Imports from ²	Trade balance ³	Exports to	Imports from ²	Trade balance ³
Total Africa.....	1,391.6	1,046.3	345.3	1,579.1	1,110.6	468.5
1. Morocco.....	52.8	8.6	44.2	89.1	9.6	79.5
2. Algeria.....	63.8	2.3	61.5	61.8	9.5	52.3
3. Tunisia.....	51.8	2.0	49.8	49.3	3.0	46.3
4. Libya.....	134.1	110.6	23.5	104.4	39.1	65.3
5. United Arab Republic.....	67.2	37.8	29.4	80.7	22.9	57.8
6. Sudan.....	7.0	8.7	-1.7	6.9	11.8	-4.9
7. Canary Islands.....	20.8	2.7	18.1	22.4	4.5	17.9
8. Spanish Africa, n.e.c. ⁴ and Equatorial Guinea.....	1.2	⁵ (Z)	-----	1.3	.8	.5
9. Mauritania.....	7.2	.1	7.1	4.2	.7	3.5
10. Cameroon, Federal Republic.....	13.7	16.1	-2.4	18.9	25.3	-6.4
11. Senegal.....	11.5	3	11.2	8.2	.8	7.4
12. Guinea.....	9.6	5.4	4.2	6.6	6.8	-.2
13. Sierra Leone.....	8.1	16.5	-8.4	8.3	8.0	.3
14. Ivory Coast.....	19.9	53.6	-33.7	36.3	92.2	-55.9
15. Ghana.....	62.1	68.5	-6.4	58.9	90.7	-31.8
16. Gambia.....	.8	(Z)	-----	.4	(Z)	-----
17. Togo.....	2.9	3	2.6	3.6	1.3	2.3
18. Nigeria.....	72.3	70.8	1.5	128.7	71.3	57.4
19. Central African Republic.....	.6	10.9	-10.3	.5	6.4	-5.9
20. Gabon.....	7.9	11.7	-3.8	6.6	8.9	-2.3
21. Western Africa, n.e.c. ⁶	12.4	17.8	-5.4	12.2	5.6	6.6
22. British West Africa ⁷	(Z)	.6	-----	.4	.6	-.2
23. Madeira Islands.....	.7	3.3	-2.6	.4	2.6	-2.2
24. Angola.....	32.0	54.4	-22.4	38.1	68.2	-30.1
25. Western Portuguese Africa, n.e.c. ⁸	7.6	3	7.3	1.8	.9	.9
26. Liberia.....	43.9	60.3	-16.4	46.3	50.9	-4.6
27. Congo.....	43.8	36.4	7.4	62.0	40.6	21.4
28. Burundi and Rwanda.....	1.9	17.4	-15.5	2.7	21.2	-18.5
29. Somali Republic.....	3.5	.6	2.9	3.4	.2	3.2
30. Ethiopia.....	21.5	44.5	-23.0	25.7	67.3	-41.6
31. Afars and Issas (French).....	1.0	.1	.9	.8	.2	.6
32. Uganda.....	3.3	42.2	-38.9	4.2	47.5	-43.3
33. Kenya.....	19.1	15.6	3.5	34.3	22.8	11.5
34. Seychelles and dependencies.....	.1	1.1	-1.0	.2	.4	-.2
35. Tanzania.....	10.2	20.3	-10.1	11.6	23.8	-12.2
36. Mauritius and dependencies.....	1.1	6.8	-5.7	4.9	2.2	2.7
37. Mozambique.....	26.5	16.1	10.4	21.6	17.7	3.9
38. Malagasy Republic.....	11.9	27.8	-15.9	7.0	31.7	-24.7
39. Republic of South Africa ⁹	505.5	246.3	259.2	562.7	288.0	274.7
40. Zambia.....	26.3	3.0	23.3	30.8	1.9	28.9
41. Rhodesia.....	.5	.1	.4	.5	.1	.4
42. Malawi.....	1.6	3.5	-1.9	5.0	1.9	3.1
43. Southern Africa, n.e.c. ¹⁰	2.0	1.0	1.0	5.3	.4	4.9

¹ Data for 1969 and 1970 are taken from FT 990/December 1970.² General imports.³ Exports minus general imports; minus sign means deficit.⁴ Includes Spanish Sahara.⁵ z=less than 1/2 of rounded unit.⁶ Includes Mali, Niger, Chad, Upper Volta, Dahomey, Congo (B). See table II for breakdown.⁷ Includes St. Helena and dependencies.⁸ Includes Cape Verde Islands, Port. Guinea, Sao Tome, Principe.⁹ Includes South-West Africa.¹⁰ Includes Botswana, Lesotho, Swaziland.

Source: Department of Commerce.

TABLE II.—U.S. TRADE WITH WESTERN AFRICA, 1969

[In thousands of dollars]

	U.S. exports	U.S. imports
Mali.....	1,026	13
Niger.....	2,475	306
Chad.....	2,422	14
Upper Volta.....	2,099	6
Dahomey.....	3,108	2,590
Congo (B).....	5,328	826

Source: Statistical Office of the European Communities.

Mr. WHALLEY. Your statement also says:

Certainly, Eximbank should be doing more on the African continent. The proportion of Eximbank resources committed to that vast and exceedingly important region is entirely too low. At the same time, a significant portion of the expanded exports we seek could result from increased marketing effort by U.S. suppliers in that growing market.

What is being done so that we can give more time to Africa? Because I think we all realize the importance of this tremendous continent. Why aren't we doing more? Who says what we can do or whether or not we can increase our efforts in Africa?

Mr. BOSTWICK. Certainly the opportunities for increase, the great increases that we seek, are largely outside of the areas on which this committee currently is concentrating. Our statement stems from the fact that only about 3 percent of Eximbank's total activities is devoted to the African continent. We believe that the markets are there and that American businessmen ought to devote more time and attention to those markets; and that we at the Export-Import Bank can help spur those efforts, if you will, by assuring the American businessman that the credit will be available to support their sales when their customers have need for that credit.

Mr. WHALLEY. What can we do to encourage more business with Zambia, which is a tremendous copper producer, and Nigeria, which has great resources, or Kenya? There is a lot of business there and I think we ought to move in and get as much as we can.

Mr. BOSTWICK. Yes, sir; we agree with you. I mentioned in my statement this cooperative financing facility arrangement. Under this program we would extend lines of credit to financial institutions in those African countries, and our line of credit would be equivalent generally to 45 percent of the purchase price of the U.S. goods and services. Then local buyers could go into those banks and obtain credit for their purchases of U.S. goods and services.

Importantly, when you establish one of these cooperative financing facilities, this is a benefit to U.S. suppliers, because they know that the financing is available for their sales, as well as to the customers who know that the financing is available for their purchases.

I think the more of these CFF arrangements that we can establish in those African countries, the more likely it will be that American exporters would devote the time and attention to the market that it certainly deserves.

Mr. WHALLEY. In other words, it is up to the businessmen first to move in. Is that right? Before you can get active.

Mr. BOSTWICK. Well, we can help them become active by making the financing facilities available. With that assurance, they might be encouraged more to participate in those markets.

Mr. WHALLEY. I think Chairman Diggs naturally is interested in Africa, and so am I, being on the African Subcommittee. And I think we ought to do everything we can to encourage trade. Because, with the tremendous potential there is no use waiting until other nations move in and take it. We should do whatever we can in a mutual business relationship with African countries.

Thank you, Mr. Chairman.

Mr. DIGGS. Returning now to these guarantees, Mr. Bostwick, is not the purpose of Eximbank guarantees, whether to United States or non-U.S. banks, to remove the risk so as to facilitate the business involvement of U.S. firms with other countries?

Mr. BOSTWICK. That is correct.

Mr. DIGGS. Thus, is the U.S. Government, through the Exim services facilitating U.S. business involvement with South Africa and with Portugal?

Mr. BOSTWICK. Yes, sir; on export sales.

Mr. DIGGS. Is it true with Exim guarantees that where there is a default of more than 30 days, Exim will, upon request, pay off the loan and may become, if it chooses, subrogated to the rights of the lender?

STATEMENT OF JOHN E. CORETTE III, GENERAL COUNSEL, EXPORT-IMPORT BANK OF THE UNITED STATES

BIOGRAPHY

John E. Corette III came to Eximbank as General Counsel in May of 1969. Previously, he had been with the law firm of Severson, Werson, Berke & Melchior of San Francisco, where he engaged in general business, real estate law, and business litigation. Mr. Corette had also been associated with the law firms of Corette, Smith & Dean of Butte, Montana, and Brobeck, Phleger & Harrison of San Francisco, earlier in his career. He attended Stanford University and then graduated from the University of Montana with a Banking and Finance degree. He then graduated from the University of Virginia Law School.

Mr. CORETTE. Mr. Chairman, the normal role of the Eximbank guarantee is that we will pay off the installment in default. We reserve the right to pay off the entire loan or continuing paying each installment as it becomes due.

Mr. DIGGS. When you assume these rights, do you not become directly involved in the transaction?

Mr. CORETTE. Yes; we do.

Mr. DIGGS. Then it would appear that Exim is not only financing and encouraging trade with Portugal and with South Africa, contrary to our announced policy of either encouraging or discouraging business in South Africa—and that is our policy as announced by the Commerce Department—but is setting up a situation where the U.S. Government may become directly involved in business transactions with South Africa and with Portugal.

Mr. BOSTWICK. We would become involved, in the context of your statement, only if there were a default.

On the other hand, in most of these instances, Mr. Chairman, we look for security beyond the obligation of the borrower. We often will require a commercial bank to back up that obligation.

As I pointed out in my statement, we very often in Angola and Mozambique require a provincial bank or, in a larger transaction, a metropolitan bank as a guarantor. So that the likelihood of Eximbank becoming involved, as you state, is very, very limited indeed. As a matter of fact, the loss record of the Bank is less than two one-hundredths of 1 percent. So that the risk that you pose here is minimal indeed.

Mr. DIGGS. The policy is there, it is just that situations have not arisen.

Mr. BOSTWICK. Well, we try to conduct ourselves in such a way that they won't arise.

Mr. DIGGS. Let's turn now to export credit guarantees. Have any been made for Portugal and South Africa?

Mr. BOSTWICK. For Portugal and South Africa?

Mr. DIGGS. Export credit guarantees.

Mr. BOSTWICK. For Angola, the answer is "No." For Mozambique, the answer is "No."

Mr. DIGGS. How about South Africa?

Mr. BOSTWICK. The answer is "Yes." We have the medium-term guarantees and medium-term insurance in South Africa. As I noted in my statement, the bulk of the dollar exposure is in four transactions.

Mr. DIGGS. What about preliminary commitments for such guarantees? Do you have any of those?

Mr. BOSTWICK. No, sir.

Mr. DIGGS. The preliminary—

Mr. BOSTWICK. The preliminary commitment that I mentioned earlier in Mozambique would cover a sale of approximately just over \$3 million.

Mr. DIGGS. Any pending applications?

Mr. BOSTWICK. Not that I am aware of.

Mr. DIGGS. The Foreign Credit Insurance Association was formed to provide insurance for credit exporters from political risk countries, and a portion of the commercial risk. Are the facilities of FCIA available for insuring political risks in South Africa?

Mr. BOSTWICK. Yes; they are.

Mr. DIGGS. Are these available for Portugal?

Mr. BOSTWICK. Yes; they are.

Mr. DIGGS. Turning now to discount loans, are Exim discount loans available for South Africa, Angola, or Mozambique?

Mr. BOSTWICK. Yes; they are.

Mr. DIGGS. In discount loans, Exim lends banks up to 100 percent, if I am correct.

Mr. BOSTWICK. That is correct.

Mr. DIGGS. Of the discounted loans they have made to purchasers of U.S. goods. For example, if a New York bank makes a loan to U.S. exporter to South Africa, it can get the money back from Exim at a lower interest rate. What discount loans has Exim made to cover obligations of South African purchasers of U.S. goods and cover obligations of Portuguese purchasers for Angola and Mozambique?

Mr. BOSTWICK. I will supply that information for the record, Mr. Chairman. The number is a small one.

(The information follows:)

There have been no discount loans for Mozambique. The others are as follows:

FEBRUARY 25, 1971.

MEMORANDUM

Re South African Discount Loan Commitments.

The following discount loan commitments have been approved for export sales to South Africa.

1. D-10-8—*Manufacturers Hanover Trust Company*

Exporter: General Motors Overseas Operation.

Foreign Purchaser: South African Iron & Steel Industrial Corp., Ltd., (ISCOR).

Products: 3 locomotives.

Contract Price: \$650,000: 10 S/A at 8½% p.a.

Advance Commitment Amount: \$526,500.

Approved by the Board of Directors: October 20, 1969.

Current Status: Cancelled by the applicant bank on December 11, 1970. The exporter stated that ISCOR will pay cash for the locomotives.

2. D-50-30—*Continental Illinois National Bank*

Exporter: Baldwin-Lima-Hamilton Corp.

Foreign Purchaser: J. H. Plan Construction Equipment Co., Johannesburg.

Products: Lima Crane.

Contract Price: \$230,000; 20 quarterly at 8½% p.a.

Advance Commitment Amount: \$184,000.

Approved by the Discount Loan Committee: December 9, 1969.

Current Status: Disbursement of \$160,000 was made on February 3, 1970, this loan was prepaid on September 29, 1970.

3. D-26-59—*Bankers Trust Company*

Exporter: W. S. Kirkpatrick & Company, New Jersey.

Foreign Purchaser: South African Airways (S.A.).

Products: Ground Support Equipment.

Contract Price: \$200,000.

Advance Commitment Amount: \$180,000.

Approved by the Discount Loan Committee: July 14, 1970.

Current Status: This commitment is still open; the availability date is March 31, 1971.

4. D-10-40—*Manufacturers Hanover Trust Company*

Exporter: General Motors Overseas Operations.

Foreign Purchaser: ISCOR.

Products: 4 G.M. Diesel Electric locomotives Model 6-18.

Contract Price: \$836,000.

Advance Commitment Amount: \$677,160.

Approved by the Board of Directors: June 15, 1970.

Current Status: Cancelled by applicant bank on December 8, 1970. The order for the G-M Locomotives was cancelled.

MEMORANDUM

Re Approved Discount Loan Commitments in Portugal and Angola July 1, 1969 to June 4, 1971.

I. PORTUGAL

1. D-90-12—*Chemical Bank*

Exporter: Cargill Incorporated.

Foreign Purchaser: Federacao Nacional dos Produtores de Hcigon—Lisboa, Portugal.

Product: Corn.

Contract Price: \$1,040,000.

Advance Commitment Amount: \$936,000.

Approved by the Board: November 9, 1970.

Current Status: \$936,000 disbursed as a discount loan to Chemical Bank on or about November 20, 1970 at 6%—1 year term.

2. D-28-30—*United California Bank, Los Angeles*

Exporter: Western Gear Corporation.

Foreign Purchaser: Contiforme Papel Continuo E. Formularios S.A.R.L., Lisbon, Portugal.

Product: Printing presses.

Contract Price: \$222,767.

Advance Commitment Amount: \$190,323.

Approved by the Discount Loan Committee: January 19, 1971.

Current Status: Discount Loan commitment expired on March 15, 1971 without being used.

3. D-41-9—*The Bank of New York*

Exporter: Louis Dreyfus Corporation.

Foreign Purchaser: Albert Oulman & Company, Ltd., Lisbon, Portugal.

Product: Wheat.

Contract Price: \$1,800,000.

Advance Commitment Amount: \$1,800,000.

Approved by the Board: August 21, 1969.

Current Status: Cancelled by applicant bank on December 10, 1969.

4. *D-20-10—National Shawmut Bank of Boston*

Exporter: Leeson Corporation.
 Foreign Purchaser: Eurofil, Lisbon, Portugal.
 Product: Textile Machinery.
 Contract Price: \$151,708.
 Advance Commitment Amount: \$121,366.
 Approved by the Discount Loan Committee: November 14, 1969.
 Current Status: Cancelled by applicant bank on January 13, 1971.

5. *D-1-13—Chase Manhattan Bank (Direct Discount Loan)*

Exporter: Boeing Company.
 Foreign Purchaser: Direcao Exploracao dos Transportes Aereos (D.E.T.A.)
 Portugal.

Product: Two 737 aircraft plus spares.
 Contract Price: \$8,659,594.
 Discount Loan Amount: \$3,192,000 (50% of financed portion).
 Approved by the Board: February 16, 1970.
 Current Status: \$3,192,000 was disbursed on February 20, 1970.

6. *D-82-13—First Chicago International Banking Corporation*

Exporter: Export Credit Corporation.
 Foreign Purchaser: Henry Hatherly, Lisbon, Portugal.
 Product: One Cessna Skyland/182.
 Contract Price: \$32,000.
 Advance Commitment Amount: \$25,600.
 Approved by the Discount Loan Committee: June 13, 1970.
 Current Status: Disbursed a total of \$23,000 on August 21, 1970.

II. ANGOLA

1. *D-40-43—Morgan Guaranty Trust Company*

Exporter: Caterpillar Tractor Company.
 Foreign Purchaser: SOREL, S.A.R.L., Luanda, Angola.
 Product: Full line of Caterpillar equipment.
 Contract Price: \$2,250,000.
 Advance Commitment Amount: \$2,250,000.
 Approved by the Board: April 2, 1970.
 Current Status: The availability date of the discount commitment is March 31, 1972. No disbursements have been made to date.

2. *D-50-50—Continental Illinois National Bank & Trust Company*

Exporter: Bell Helicopter Company.
 Foreign Purchaser: OTAL Organizacao Tecnica de Aeronautica. S.A.R.L.
 Product: One model 47G-4A Bell helicopter and spares.
 Contract Price: \$66,759.35.
 Advance Commitment Amount: \$56,745.46.
 Approved by the Discount Loan Committee: April 7, 1970.
 Current Status: This commitment expired unused on September 30, 1970.

3. *D-82-26—First Chicago International Banking Corporation*

Exporter: General Motors Overseas Distributors Corporation.
 Foreign Purchaser: Companhia do Caminho de Ferro de Benguela (CCFB)
 Lobito, Angola.

Product: Terex earthmoving equipment.
 Contract Price \$1,100,000.
 Advance Commitment Amount: \$935,000.
 Approved by the Board: December 3, 1970.
 Current Status: The availability date of this commitment is July 31, 1972. No disbursements have been made to date.

4. *D-26-26—Bankers Trust Company*

Exporter: General Motors Overseas Distributors Corporation.
 Foreign Purchaser: Casa Americana Comercial S.A.R.L., Luanda, Angola.
 Product: Sundry Diesel Engines.
 Contract Price: \$50,000.
 Advance Commitment Amount: \$38,250.
 Approved by the Discount Loan Committee: October 24, 1969.
 Current Status: This commitment expired on December 31 1970, unused by the applicant bank.

5. *D-10-10—Manufacturers Hanover Trust Company*

Exporter : General Motors Overseas Operations.
 Product : Terex units (earthmoving equipment).
 Contract Price : \$1,200,000.
 Advance Commitment Amount : \$756,000.
 Approved by the Board : October 27, 1969.
 Current Status : Cancelled by the applicant bank on March 18, 1970.

6. *D-50-55 Continental Illinois National Bank and Trust Company*

Exporter : Continental/Moss Gordin, Incorporated.
 Foreign Purchaser : Algodoeira Agricola de Angola, S.A.R.I., Angola.
 Product : Cotton Gin.
 Contract Price : \$300,000.
 Advance Commitment Amount : \$240,000.
 Approved by the Discount Loan Committee : April 21, 1970.
 Current Status : This commitment expired September 30, 1970, unused by the applicant bank.

Mr. Diggs. Has Exim made any advanced commitments to extend discount loans or to purchase the underlying paper for transactions with South Africa or Portugal?

Mr. Bostwick. We will give you a report of those.

(The information is included in the previous tabulation.)

Mr. Diggs. Are discount loans with South Africa and Portugal within Exim policy guidelines?

Mr. Bostwick. Yes, sir. These are discount loans, Mr. Chairman, to U.S. banks who may have in their portfolio the obligation of somebody in one of these countries.

Mr. Diggs. I understand that Exim has a program providing loans directly to foreign governments suffering temporary dollar shortages, is that correct?

Mr. Bostwick. That is correct; yes, sir.

Mr. Diggs. Would such a program be available for South Africa and Portugal?

Mr. Bostwick. Only if the Department of State—

Mr. Diggs. You are passing a lot of bucks to the Department of State. No wonder we have a balance-of-payments problem.

Mr. Bostwick. This would be a foreign policy consideration, Mr. Chairman.

But I should point out that the Bank has not made one of these kinds of loans to any country in Africa.

Mr. Diggs. Has any of these countries ever applied for such a loan?

Mr. Bostwick. Not to my knowledge.

Mr. Diggs. Is the Export Expansion Facility permitting Exim to participate in higher risk transactions available for South Africa or for Portugal? Has it ever been available for either one of those?

Mr. Bostwick. I don't think it has been used in either one, but it would be available. The special facility, of course, could refer to the credit worthiness of the buyer, not necessarily the country.

Mr. Diggs. It is stated in your brochure that Exim staff are available to both the U.S. exporter and the importer of U.S. goods and services for guidance and information. Are these services available for South Africa, South West Africa, Angola, and Mozambique?

Mr. Bostwick. Yes, sir.

Mr. Diggs. Does the financing which Exim provides either as direct loans or guarantees include expenses for local costs for South Africa and Portugal?

Mr. BOSTWICK. To the extent that we would make a direct loan to support a sale of U.S. goods and services, we would and could consider offering a guarantee to a non-U.S. loan to cover local costs equivalent to 15 percent of the value of U.S. goods and services involved.

Mr. DIGGS. It is interesting that these services are still being provided South West Africa, because I can remember the announcement of the administration discouraging commercial transactions by U.S. business personnel in South West Africa and it was made before this committee with a great deal of flourish.

Mr. BOSTWICK. Mr. Chairman, as I pointed out in my statement, we do not cover any transactions in South West Africa. No insurance, no guarantees.

Mr. DIGGS. I understand that. But the staff is available and all of the rest.

Mr. BOSTWICK. Then I misunderstood.

Mr. DIGGS. It is stated in your brochure that Exim staff is available both to the U.S. exporter and importer of U.S. goods and services for guidance and information. And the question was, are these services available in South West Africa, South Africa, Angola, and Mozambique. And the response was, "Yes."

Mr. BOSTWICK. I would like to correct that. They would not be available to importers in South West Africa.

Mr. DIGGS. Does the financing that you provide, either as direct loans or guarantees, include local costs for equipment, labor, and employee housing?

Mr. BOSTWICK. Yes; the local costs would have to be those costs incurred in the country of the importer and the local costs would have to be related directly to that particular sale. Usually it would be for installation of equipment. The local installation costs, or something of that nature. These though, again, would be in relation, would be in conjunction only with the direct loan activity.

Mr. DIGGS. For such local costs, housing and labor, what mechanism does Exim have to ascertain that the housing is decent housing or that labor conditions are fair?

Mr. BOSTWICK. We don't try to.

Mr. DIGGS. You have no reporting system, no inspector or anything? Whatever it is, that is it; is that correct?

Mr. BOSTWICK. That would be correct.

Mr. DIGGS. Has Exim financed any costs for either the Portuguese territories or any such costs, I should say, for either the Portuguese territories or South Africa? Any of these local costs?

Mr. BOSTWICK. No, sir.

Mr. DIGGS. Any preliminary commitments made or any applications pending?

Mr. BOSTWICK. No, sir.

Mr. DIGGS. Is there a relending credit program available either for South Africa or the Portuguese territories?

This is a direct line of credit to a foreign bank that enables it to make subloans to small local enterprises purchasing U.S. goods.

Mr. BOSTWICK. The relending credit would be available to those countries with approval of the Department of State.

Mr. DIGGS. Well, have any been made to your knowledge?

Mr. BOSTWICK. No, sir.

Mr. DIGGS. The Exim brochure also lists the Exim Cooperative Financing Facility which finances exports jointly with non-U.S. banks. Is the Cooperative Financing Facility available for South Africa or for the Portuguese territories?

Mr. BOSTWICK. Again, only with the approval of the Department of State.

Mr. DIGGS. Has it ever been available?

Mr. BOSTWICK. No, sir; we have no agreements in any of those countries.

In fact, we have no agreements in Africa. The only agreement that is imminent is the one with the Congo that I mentioned earlier.

Mr. DIGGS. Congo—Kinshasa, I think it was.

Mr. BOSTWICK. Yes.

Mr. DIGGS. We would like some other information provided for the record. We would like the totals of all Exim programs for each of the following: South West Africa, South Africa, and Portugal. We would like a further breakdown of these totals by year, type of financing program, identifying the seller, the purchaser, financial institution, and goods and services involved.

We would like to know the amount of the outstanding debt obligations and guarantees, insurance, and any other obligations owed to Exim by purchaser of U.S. goods and services in South West Africa and South Africa and Portugal.

(The information referred to may be found in the appendix, p. 451.)

Mr. DIGGS. That completes the information that I have here. Obviously, when you look at the complete picture it reflects a much greater involvement than the statement that was made in the testimony earlier.

What we are attempting to do is to put the U.S. Government involvement in South Africa in support of U.S. business in proper perspective, and the testimony or the response to questions here this morning would indicate that it is much broader than the figures reflect.

Mr. BOSTWICK. No, Mr. Chairman, I think you will find that the details of the figures, the details that you have asked for, will support the figures that I presented to you in my prepared statement.

Mr. DIGGS. I didn't mean to dispute the figures. I mean excepting that.

Mr. BOSTWICK. Our involvement is minimal.

Mr. DIGGS. I am talking about from a policy standpoint now rather than the figures that you mentioned. As I see it in that context, it is much larger. Are there any points of clarification from counsel?

Mrs. BUTCHER. Yes; I have a few, Mr. Chairman.

In your prepared statement on page 12, Mr. Bostwick, you say that Exim does not use appropriated funds. Could you tell us, please, what kind of funds Exim has used?

Mr. BOSTWICK. Yes, ma'am. The Bank is capitalized in the amount of \$1 billion in stock owned by the U.S. Treasury. And we, of course, have the proceeds from payment of principal and interest on that billion dollars that is outstanding. The Bank also, as a result of wise management in previous years, has been able to accumulate a reserve of another \$1.2 billion, which likewise provides proceeds from repayment of principal and interest. We have repayments of principal and

interest on other loans and we have income from guarantee and insurance fees, and that constitutes our receipts as far as the Federal budget calculations are concerned.

In addition, we have the legislative authority to borrow from the marketplace, which we have at times. And we can use the proceeds of Treasury, which we do; and we have the authority to borrow from the those borrowings to support our activities.

I omitted one other item that is included in receipts as far as the Federal budget is concerned, and that is the so-called sale of our assets where we will sell certificates of beneficial interest in our loans outstanding and the proceeds from those kinds of sales also constitute receipts. So there is no need for appropriated funds, and we do not use appropriated funds, although we do appear before the Appropriations Committee each year to present our annual budget which reflects our ability to commit the U.S. Government.

Mrs. BUTCHER. Are the funds that you receive from the U.S. Treasury either from initial capitalization or borrowing ultimately traceable to taxpayers' moneys?

Mr. BOSTWICK. I am not that familiar with the history, but I suspect that it would be possible to trace the original billion dollars investment to taxpayers' money. This \$1 billion came from the old Reconstruction Finance Corporation which is beyond my personal memory, but I believe it was provided by appropriated funds through the Congress.

Mrs. BUTCHER. On page 6 of your prepared statement you speak of the Exim programs as supplementing and encouraging private capital. Is this a supplementing and encouraging of foreign private capital as well as of U.S. private capital?

Mr. BOSTWICK. Yes, it is.

Mrs. BUTCHER. On page 7 of your statement, again, in speaking of export guarantees, it is said that Exim will guarantee repayment of export debt obligations acquired by U.S. banking institutions without recourse from U.S. exporters. Could you explain the phrase, "without recourse"?

Mr. BOSTWICK. Our General Counsel can explain that.

Mr. CORETTE. When the U.S. bank buys from a U.S. exporter, the promissory note of the exporter's customer, he will buy it without any recourse against the exporter, so that if there is default, the bank cannot go against the exporter to collect. And that is the payment that we will guarantee that the foreign purchaser will pay the note as sold to the bank and the bank gives up its right to go against the exporter.

Mrs. BUTCHER. On page 8, in referring to foreign economic policy, it is stated that Exim is required to conform with the foreign economic policy of the U.S. Government. Is this not subsumed under the foreign policy of the United States?

Mr. BOSTWICK. I am sorry, I don't understand the question.

Mrs. BUTCHER. Is not the concept of foreign economic policy within the broader concept of foreign policy interests generally?

Mr. BOSTWICK. Well, I think that is a philosophical question that calls for a philosophical answer. It is my view that it is subsumed; yes.

Mrs. BUTCHER. Thank you. You referred several times to medium-term and short-term programs. Could you define these for us and tell us whether these concepts have varied over the years and what they presently are?

Mr. BOSTWICK. Yes. The definition is not precise. It depends upon the various lending institutions. Our general definition, however, is that short-term consists of those transactions moving on terms of 365 days or less. One year or less.

I am corrected. On FCIA policies, short-term covers 180 days or less.

Medium-term would then be above 180 days to 5 years normally. However, as equipment has become more sophisticated, such as aircraft or farm machinery or construction equipment, and the price has gone higher, and the use therefore lengthens, it has been the practice of most of the exporting countries to begin to lengthen the term from 5 years out to perhaps 7. And we would consider 7 years medium term.

Mrs. BUTCHER. For Portugal or South Africa transactions?

Mr. BOSTWICK. The terms are standard for all countries. There is no distinction between developed and developing countries, for example.

Mrs. BUTCHER. During the questioning period you stated that if the State Department says a particular transaction is okay, it still goes before the NAC?

Mr. BOSTWICK. That is correct.

Mrs. BUTCHER. NAC is the National Advisory Council?

Mr. BOSTWICK. National Advisory Council.

Mrs. BUTCHER. Suppose the State Department says that a particular transaction is not OK; is this dispositive?

Mr. BOSTWICK. I would say that it would be, unless one of the other participants wanted to appeal that decision to the President.

Mrs. BUTCHER. Has this occurred with respect to South Africa or Portugal?

Mr. BOSTWICK. Not that I am aware of.⁴

Mrs. BUTCHER. In connection with the question of the chartering of Bell helicopters to the Portuguese military, you remarked that where there is a national emergency even in this country such a chartering would not be unusual. This raises an implication that there is a national emergency in the Portuguese territories.

Mr. CORETTE. No, I think the question related to the purchase of 707's. There was a separate question on Bell helicopters to the Zambesi Dam Authority on which we agreed to provide information for the record. I think the question on the TAP purchase was on the purchase of 707's.

Mrs. BUTCHER. Do you recall the question in which you made the statement about the national emergency?

Mr. BOSTWICK. Yes; I do.

Mrs. BUTCHER. Is there any such implication?

Mr. BOSTWICK. I was making the point that the airplanes operated by the airlines in any country are going to be subjected to those rules and regulations of the governing authorities.

Mrs. BUTCHER. When you responded to several questions "probably" or "only after consultation with the Department of State," as to whether Exim would give certain loans or make certain programs available, did you mean that these programs are within present policy guidelines?

⁴ Subsequently verified.

Mr. BOSTWICK. Well, that is a broad question. Let me suggest that in several instances they are not within present policy guidelines.

Mrs. BUTCHER. But in some, they are?

Mr. BOSTWICK. That is right.

Mrs. BUTCHER. Mr. Chairman, in several responses, the witness stated that he did not believe, or to the best of his knowledge he felt, that certain programs might or might not be given. I believe that verification of this should be submitted for the record.

Mr. DIGGS. Would the witness do that?

Mr. Whalley.

Mr. WHALLEY. Mr. Bostwick, your statement says you have closely examined the markets of Zambia, Tanzania, Kenya, Uganda, Congo, Gabon, Cameroon, Nigeria, Ivory Coast, Algeria, and Morocco; and that you are very much interested in more U.S. sales.

Will these countries get the same treatment as the countries you are already dealing with?

Mr. BOSTWICK. Certainly.

Mr. WHALLEY. In other words, you have one rule for all of the countries in Africa, no country is getting better treatment than another from the Bank? These new countries that you are looking at get the same consideration?

Mr. BOSTWICK. It is one rule for all countries, that one rule.

Mr. WHALLEY. Regardless of the volume of business?

Mr. BOSTWICK. That is correct. There are some countries in which, for foreign policy reasons, we don't do as much. I don't want to suggest that we would do more for the Congo, for example, than we would for Thailand or more for Nigeria than we would do for any other country.

Mr. WHALLEY. Thank you.

Mr. DIGGS. In conclusion, Mr. Bostwick, I am very delighted to hear you say that in your view foreign economic policy should be subservient to foreign policy in general, because part of the objective of our committee's inquiry is to indicate the interplay between the political situation and the economic situation and the implications of private enterprise transactions in countries where we have an extremely sensitive foreign policy interest.

There is such an intertwining of economic policy in the private and public sector in these foreign policy interests that, in many instances, it is difficult to extricate them. It is going to, in my view, require a different set of guidelines that we are not in our foreign policy interest, in general, going to be the victims of insensitivity in areas such as South Africa and southern Africa.

I want to thank you for being so enlightening to the subcommittee.

Mr. BOSTWICK. We thank you, Mr. Chairman, for your courtesy and the privilege to appear here.⁵

Mr. DIGGS. Our next witness is Mr. William Johnston, executive director, Episcopal Churchmen of South Africa, located in New York City.

⁵ Information on Export-Import Bank policy toward South Africa is updated in an exchange of letters of February 10 and March 1, 1972, between Chairman Diggs and Mr. Bostwick. See appendix p. 460.

As I mentioned in the introductory remarks, he is to address the role of his church with respect to U.S. bank activity in South Africa. I don't have the gentleman's background here, but if he will provide it for the record, we would appreciate it.

STATEMENT OF WILLIAM JOHNSTON, EXECUTIVE DIRECTOR EPISCOPAL CHURCHMEN OF SOUTH AFRICA, NEW YORK CITY, N.Y.

BIOGRAPHY

A native of Kentucky, William Johnston received his education there and in public schools in New York City. He attended New York University and Columbia University in New York and is a veteran of the U.S. Army, serving in the European Theatre of Operations. He worked in the editorial department of a New York book publishing house and for a New York shipping and forwarding firm.

He was one of the founding members in June, 1956, of Episcopal Churchmen for South Africa, an organization concerned to support those working and witnessing against apartheid and for freedom and self-determination of the people of Southern Africa. He is now working full-time for ECSA.

Mr. JOHNSTON. I can give it now. I have nothing written out.

Mr. DIGGS. Would you briefly tell us something about your background, and then you can provide it further.

Mr. JOHNSTON. I am a native of Kentucky. I am an Episcopalian. I am president of Episcopal Churchmen of South Africa, which is a small group of lay people in the Episcopal Church who are about to celebrate our 15th birthday as an organization concerned with South Africa, and especially the role of the church there. We are a New York State corporation. We, as I say, have existed for 15 years and our concern started out rather narrowly, because of the witness of the Anglican Church in South Africa 15 years ago. It was the time of Bishop Trevor Huddleston and Chief Luthuli, and people like that, who inspired us to form an association here in order to relate South Africa and America in the realm of the church, particularly the Anglican Church.

Fifteen years have taken us a long way and we are quite deep now into the developing situation in South Africa, again in our very small way. We are a tiny organization. I don't pretend that we speak for the Episcopal Church. We speak for ourselves as an autonomous group.

Mr. DIGGS. You may proceed with your testimony.

Mr. JOHNSTON. Thank you, Mr. Chairman.

A decision about where this Nation stands with relation to South Africa is pressing upon us with greater intensity. The United States is irrevocably caught up in the African subcontinent, and how we assess our condition and how we rearrange our commitment is of the gravest urgency for us.

Evidence of the nature of South Africa is abundant, by virtue of the work of this committee, the United Nations, official and private testimony, publications, and films. Although in this country we still suffer from a paucity of consistent news about South Africa, we Americans can no longer plead ignorance. Nor can we continue to rationalize our economic presence in that region as contributing to the amelioration or the gradual eradication of apartheid, racism, and

totalitarianism. The white minority regimes grind down further their black and brown subjects. The wage gap between the races grows. We must recognize that American business, industrial and financial institutions are powerless or without will to loosen from within the iron grip of the Portuguese, Rhodesian, and South African regimes. Their presence is only supportive of those regimes.

Things acceptable to Lisbon, Salisbury, and Pretoria—American capital investment, trade, tourism, technical know-how, and other sorts of compliant cooperation—steadily increase. At the same time, we witness the selective exclusion of Americans unpalatable to those governments: black people, students, churchmen, some members of this committee.

The white minority governments call the shots. We drift in a golden but perilous sea.

Over the past several years there has been torturous progress toward making aware the American public to the facts of South Africa. The banks campaign, spotlighting the \$40 million revolving credit by a consortium of 10 American banks to the South African Government, grew from the American Committee on Africa's focusing on U.S. corporate undergirding of the South African economy.

Students, members of the labor movement, church people, some of you gentlemen, actively participated. Pressures mounted sufficiently by 1969 to force the embarrassing consortium support of apartheid to be abandoned.

I can testify personally to the difficulty of moving the powers that be. In the Episcopal Church 3 years of incessant pleading, pressures and hard fights in councils by unofficial groups and devoted staff people, followed by resolutions and committees, led finally to a hearing wherein three banks of the consortium were called to account. Even then, so tender was the high-level concern for the banks, that their representatives were allowed to speak in closed session. Only when those holding opposing views spoke was the public admitted. We, in the meanwhile, conducted an open peoples' hearing in the lobby of the church headquarters.

The banks campaign lifted the curtain on the vast U.S. economic entanglement in South Africa. We are now into the deeper matter of corporate installations in the highly industrialized Republic of South Africa and exploitation of natural resources throughout the entire region. This past spring has seen renewed efforts to bring the issue of South Africa before stockholder meetings of giant American corporations engaged there.

Gulf Oil's explorations of petroleum deposits in Portuguese-held Africa—and the meaning of these for the oil-short white minority regimes—were aired in Atlanta in April. Americans and Africans registered their points, and resolutions of the Southern Africa Task Force of the United Presbyterian Church were presented and defeated. But the issue was dramatically and eloquently raised, the field sown.

At the General Motors Corp. annual shareholders meeting in Detroit 2 weeks ago, a resolution from my own church asking GM to phase out its operations in South Africa was presented, ably spoken to, and defeated. But the issue was implanted.

A student from a small Ohio college said at Detroit that nothing had struck him as so clear cut as the South Africa issue. He and others had asked their institution to vote for the Episcopal Church resolution, a faculty-student committee had hastily been set up, and had decided 4 to 1 that the college's 1,200 shares should be voted for withdrawal. The board of trustees overruled them. This is a common occurrence. The university senate at Columbia University made a similar decision with regard to Columbia's Gulf Oil voting, but was ignored by the trustees. However, the new president of Columbia confided that he had recommended the university sell its Gulf. He had no comment about GM or other companies' stock.

An African student was at Detroit and at Atlanta. He has generated a small South Africa conscious group at his state university in the cornbelt. Unsuccessful as yet, this group is undaunted.

Still another student almost singlehandedly caused his college to go through the throes of committees and ad hoc committees, and even though opposed by a nationally distinguished lawyer-trustee, brought the college to abstain on the South Africa issues of both GM and Gulf.

Surely the most exciting development this past year has been the Polaroid Revolutionary Workers Movement which has flushed out one of the country's liberal corporations on its involvement in South Africa. The response of the corporation was frantic and resulted in an attempt at face saving which will run its course as American corporate enterprise's newest "solution" to the problem of apartheid. The really important thing is that the Polaroid Revolutionary Workers Movement has ignited similar efforts in other parts of the country, grassroots, black community action.

Students, blacks, members of collectives, churchmen, returned overseas workers, political leaders, citizens—most of them deeply caught up in other struggles in our society—are being drawn more and more to the Southern Africa issue. These people are hard pressed and often frustrated. They are also battle hardened, dedicated, effective, and immunized against doubletalk and cant. Around them will be built a movement that will, I believe, set straight this nation and extricate it from the present profit-grubbing attachment to South Africa.

This movement will do more. It will direct us toward support of the Southern Africa liberation forces, a course now well under way among many groups.

The commitment to dealing with Southern Africa is growing throughout this country. It will be a major issue in next year's election campaign.

Mr. Chairman, it is tragic to look at this committee's special study report of 2 years ago and realize the fate of your excellent proposals. There has been some improvement for exiles from Southern Africa, but we still have a tracking station down there; we don't discourage business, we maintain our alliance with Portugal, we stand by and allow our nationals to be tossed out of South Africa; tourism is booming, the sugar quota is still very much with us.

There are many questions to pursue with regard to Southern Africa. How can we require American firms there to reveal their employees' wages, working conditions, contracts, living conditions?

To what extent does this country cooperate with Southern African military and police forces? We know full well that armaments pro-

vided for our Portuguese NATO ally frequently end up being poured upon the African liberation troops in Guinea-Bissau, Angola, and Mozambique. We have bought artillery sighting parts from South Africa. A recent report in the Johannesburg Star disclosed that the U.S. Army was testing a French-designed, South African-produced radar missile system at White Sands. To what extent do we train Portuguese, or South African and Rhodesian military and security forces? How can we track down rumors of American military personnel being seen with South African forces on maneuvers? Buying or selling hardware is one thing, but we know too well where the presence of American military personnel can lead us.

How can we reach out to the African liberation movements fighting within and at the borders of fortress South Africa? And to the rapidly emerging black consciousness within? Both are vibrant forces that are sure to come to fruition and to merge and change the entire nature of Southern Africa.

It seems to me that Southern Africa as constituted today has many similarities to our own land and stands like a spectre to warn us in America what we could become. I fear we are in danger of being on the downslope of history. Our national response to Southern Africa—as indeed to all parts where we touch the third world—is in my mind the most exacting and crucial determination which we Americans must make, and make soon.

Thank you, sir.

Mr. Diggs. Thank you, Mr. Johnston. Is Mr. Smith here?

I would like to ask Mr. Smith to render his testimony and Mr. Johnston will stay right where he is and then the committee can interrogate both of you gentlemen at the completion of Mr. Smith's testimony.

Mr. Timothy Smith is here representing the Council for Christian Social Action of the United Church of Christ, New York City. He is Assistant for African Affairs. He is a Canadian by birth, and without objection the remainder of his background, which was very extensive in connection with African interests, will be submitted for the record.

Mr. Smith has a prepared statement with accompanying material, and I would ask him to proceed.

STATEMENT OF TIMOTHY SMITH, ASSISTANT FOR AFRICAN AFFAIRS, COUNCIL FOR CHRISTIAN SOCIAL ACTION, UNITED CHURCH OF CHRIST, NEW YORK CITY

BIOGRAPHY

Born 1943, Canadian.

Graduated from the University of Toronto—1966 B.A. in history.

Received University of Toronto Honour Award for outstanding contribution to university life.

Served for three years on the Students Administrative Council of the university, 1963-66.

Executive Board of World University—Service of Canada for two years, 1964-66.

1966: Worked in Kenya with Operation Crossroads Africa for a summer.

1966-69: Attended Union Theological Seminary in New York City.

1968-71: Worked with The Southern Africa Committee, N.Y.C., and as Assistant for African Affairs of the Council for Christian Social Action of the United Church of Christ.

Corporation has made a sizeable investment in Angola, and its monetary payments to the Portuguese government significantly assist the Portuguese in their colonial wars.

Rhodesia, despite international economic and diplomatic sanctions, still remains dedicated to white minority rule and is moving consistently toward the "apartheid" policies of the Republic of South Africa.

South West Africa, renamed Namibia by the United Nations, is still illegally under the control of the Republic of South Africa, which extends apartheid to that territory in gross violation of the mandate entrusted to it in 1920. To signify opposition to the South African government's policy regarding South West Africa the United States government has recently discouraged any further investment in Namibia.

South Africa, the hub of the Southern Africa wheel, stands determined to keep all political power in the hands of its white minority. In South Africa 3.8 million whites prosper at the price of poverty and oppression for over 16 million inhabitants of South Africa whose only crime is that their skin is not white. The United States is deeply involved in South Africa, even though the United States government vigorously condemns apartheid in public statements at the United Nations. It provides a preferential sugar quota for South African sugar. It allows the government-owned South African Airways landing rights here, although the government excludes many black Americans by a selective visa policy. It continues to operate a NASA base in South Africa. It allows and encourages American companies to invest freely in South Africa in ways which support and strengthen the white supremacist policies of that government. Many of these companies not only strengthen the South African economy, but provide important products and materials for military use.

The United Nations has continually warned that the South African situation is filled with the possibility of a violent racial war of international scope and tragic consequences.

ACTION RECOMMENDED

The General Synod strongly supports the recent World Council of Churches decision to provide grants to the humanitarian programs of Southern Africa liberation movements. We encourage congregations and agencies of the United Church of Christ to provide assistance to these movements through the World Council of Churches.

In light of the seriousness and urgency of the Southern Africa situation and the need for movement toward a just solution, the General Synod urges the members, Associations, Conferences, Instrumentalities, and boards of the United Church of Christ:

1. (a) To educate themselves about the situation in Southern Africa, the serious implications of this situation, and the extent to which the United States is involved; (b) to hold seminars, conferences, and educational workshops on this issue;

2. To examine the role which American companies play in Southern Africa in maintaining the status quo; furthermore, to use their various resources, including the leverage of their investment and stock ownership powers, to press all companies involved in Southern Africa immediately to cease expansion and gradually to withdraw from Southern Africa so long as it is under control of white minority rule or colonial domination;

3. To urge the United States government to seek new ways to press for racial justice in Southern Africa and to end those military, diplomatic, and economic policies which support minority rule and colonialism, and to urge our government and her NATO allies to refrain from any sales of arms to South Africa and Portugal.

Mr. SMITH. Our statement also reflects the concerns raised by the General Synod of the United Church of Christ who in 1965 spoke out in favor of economic sanctions against South Africa and in 1969 specifically advocated withdrawal of church funds from financial institutions doing business with the white government of South Africa.

Mr. Chairman, in the months of July and August 1970, I and two colleagues interviewed representatives of approximately 20 U.S. corporations in South Africa. That was a unique opportunity and we

discovered some rather unique data. We asked questions about wages, benefits, and labor relations; about the effect of apartheid legislation on corporations and the attitudes of the executives to such legislation; about the relationship between the corporation and the South African Governments; about economic growth and social change in South Africa; about the military use of the corporation's product; about charitable contributions; about lobbying activities in South Africa or the U.S.A.; about the corporation's response in the event of revolution; about its role in building a self-sufficient South African economy. We continue this discussion with academics, unionists, newspapermen, churchmen, writers, diplomats, and, most important, with representatives from the African, Asian, and Cape Coloured community.

We hope the data from this research and these interviews will be helpful input for your deliberations.

The facts about U.S. business in South Africa do not paint a pretty picture! U.S. companies are a mirror of the racist South African society in almost every way. More important U.S. firms help strengthen and diversify the white-controlled South African economy. Many firms also assist in building white South Africa's military potential.

U.S. business in South Africa acts as a supportive force for continued white control in that land. U.S. business behaves as a silent citizen comfortably complying with apartheid despite its effects on the 80 percent of South Africa that is not white. More important, one must analyze not just how U.S. companies fit into discriminatory patterns in South Africa, but how they build and strengthen the whole system of white control. That is the essence of an analysis that leads one to demand that U.S. companies withdraw from the Republic of South Africa. But what are the facts and figures that support these charges and this demand?

ATTITUDES OF U.S. BUSINESSMEN IN SOUTH AFRICA

Individually, U.S. businessmen assigned to U.S. companies in South Africa tend to support the racial status quo and favor apartheid. In a 1969 study done as an aside from American Management Association by a group called Charles St. Thomas Group in Johannesburg, 77 percent of U.S. businessmen interviewed felt that apartheid "was an approach that is, under the circumstances at least, an attempt to develop a solution."

Less than 10 percent felt apartheid was "altogether incorrect." White South Africans working as executives for U.S. companies would almost invariably favor white control and reflect this same attitude.

This may not be surprising considering the fact that almost no white American or South African working for a U.S. firm has any friends or acquaintances in the African, Asian, or Coloured community. The outlook of the personnel of U.S. firms is a pro-white outlook. When we asked representatives of U.S. business in South Africa whether they had any friends or acquaintances who were nonwhite South Africans, the reply varied from a very frank response from the managing director of the Ford Motor Co., who said, "Friend, I didn't mix with them in the U.S. and I don't mix with them here. And if I went back to America, I wouldn't mix with them there." A more sophisticated reply came from

a manager at Chrysler Corp., who said, "It is a tremendously difficult problem. I once had a very interesting discussion with an African at a Fourth of July celebration at the American Embassy." That was the spectrum of contact that American businessmen we interviewed had in a meaningful sense, not in supervisory sense, with nonwhites of Africa. It is an outlook that leads them to speak in myths about "how happy the Bantu are" or how well off "my boy" and "my girl" (read servant) are. Invariably, these men are fervently opposed to majority rule in South Africa.

This outlook is one important factor in the way nonwhite labor is treated in U.S. subsidiaries in South Africa. Also, not to be forgotten, is the role these officials in South Africa play in favorably interpreting the South African scene to the parent company and to U.S. Government contacts. Such sources of information lead men like Mr. James Roche of General Motors to state that South Africa is undergoing progressive change. It produces memorandums for Standard Oil (N.J.) officials echoing Government propaganda—for example, "this economy was built, no question, by the white"; soon there will be total literacy among Bantu children. This was the kind of information put forth to visiting Esso officials to South Africa from the United States.

Generally, it is a voice sympathetic to the policy of the South African Government, a voice that in the event of internal revolution by black South Africa would call for a return to stability which, of course, means a return to the present unjust stable social order.

This last point can be illustrated by the response of U.S. business during the economic crisis precipitated by the Sharpeville massacre. As you know, there was a massive outflow of foreign capital at that time. In addition, the economic crisis created internal pressure to rethink the apartheid policy so as to regain world acceptance for South Africa. If I remember correctly, Mr. Paul Sauer, Acting Prime Minister, in one speech he gave, said there were several points regarding apartheid which white South Africa had to rethink to be accepted again by the world community.

It was at this time that the late Charles Englehard pressed U.S. investors to put money into South Africa, and U.S. banks, including Chase Manhattan and First National City Bank, lent money to the Government of South Africa. The business community in South Africa, including U.S. firms, understandably worked to return economic stability, even though that also meant an end to any political re-evaluation and a return to apartheid as usual. Any substantial political change that would affect the economy adversely was against U.S. corporate self-interest. In the frank words of the managing director of Union Carbide in South Africa, "Majority rule—it would be bad for the economy and bad for Union Carbide. We're against it."

U.S. COMPANIES LABOR POLICIES

In the areas of wages, benefits, and labor relations, U.S. firms are very much a mirror of the grossly discriminatory South African scene. Maybe I can pass up photographs of American companies that we took in South Africa as I read. We would be glad to provide more photographs if you wish. Ironically enough, these same U.S. companies contend they have "progressive" policies in South Africa. For instance,

General Motors stated in its recent proxy statement that since 1926 its number of nonwhite employees has increased to over 50 percent and that this is "an indication of the progressive change which has occurred over the years." General Motors neglects to explain that the scarcity of white workers has forced all companies to hire increasing numbers of nonwhite employees and that their "progressive" policy pays an average wage for nonwhite workers only 25 percent above the monthly breadline of \$85, while starting workers receive wages right on that breadline.

Chrysler, another "progressive company," pays an average wage of \$85 a month to "nonwhite" workers, an average which sits right on the breadline. John Deere fares even worse, starting a worker at the Government minimum under \$60 a month.

In a survey done by the Isando Industrialists Association of 67 companies working in that industrial area, just outside Johannesburg, six out of 10 jobs for Africans provided average monthly wages below the \$85 poverty datum line as estimated by the Johannesburg City Council. In South Africa, as you can see, to be "progressive" may merely mean a free lunch program for workers, or a health care program. One must always ask: More progressive than what?

Nonwhites do not receive low wages because of low standard work. Chrysler's managing director in the Cape boasted that the automobile produced there was easily equal to Chrysler's Italian-produced car or Turkish-produced car. Chrysler was proud of its nonwhite employees' work. However, he candidly confessed that the laws of supply and demand differ for whites and nonwhites. He could pay a nonwhite much less than a white and still be competitive in the market. In other words, a worker is not paid what he is worth but what Chrysler can get away with. In fact, all U.S. firms operate in and profit from a modern system of industrial serfdom in South Africa.

In addition, nonwhite workers are treated with incredible paternalism. One Chrysler official argued that the African sees the white man as his guardian and wouldn't want a trade union to represent him. Such a remark ignores years of African trade unions organizing before the Government clamped down.

Most U.S. corporations blandly argue that they are good citizens in South Africa following the laws of the land. There is, however, little evidence that they follow these laws with any sense of guilt. Rather, U.S. company executives described their relationship with the South African Government as "amiable," "cordial," "mutual respect," "very helpful," "most encouraging." No executives interviewed seemed bitter or angry over the lot of South Africa's "nonwhite" population and, indeed, many executives felt they were well-off compared to the rest of Africa.

In short, U.S. companies see their profits and self-interest tied up in playing ball with the South African Government and its system of apartheid or white control. While companies might quietly lobby to be allowed to have a larger quota of African workers in their plant, they are not actively lobbying to improve the lives of those African workers by repealing the pass laws, giving the vote to Africans, allowing unions to be organized. Indeed, U.S. firms do follow the laws of the land in South Africa and by doing so act as "good citizens" while the blatant inhumanity of apartheid goes on all around them.

U.S. companies are "apolitical"?

U.S. corporations publicly claim that they are "just doing business" in South Africa and, as a letter from John Deere Corp., put it, "We do not find it possible to be involved in judgments very much beyond the normal business relations of a supplier and a customer." This kind of logic is as shallow as it is convenient. Would a company dared have suggested that selling military supplies to Nazi Germany was merely "doing business"? Obviously, there are political implications to any investment in South Africa. In fact, one should not talk about politics or economics in South Africa but about the political economy of the country, the two are so intertwined.

For example, the installation of Firestone or International Harvester plant in a border area has obvious political effects, effects consistent with a political strategy of the all-white government. The possible military use of oil and rubber products as well as the automobile and computer industries clearly illustrate the political by-products of U.S. investment. The political implications of the massive investment of U.S. firms in South Africa cannot be hidden just because a corporation says there are none.

A fascinating footnote to the "apolitical" argument so many U.S. investors put forth is the oftenseen membership in the South African Foundation. John Deere, Caterpillar, Mobil Oil, Caltex, International Harvester, Union Carbide, Chrysler, General Motors, Weyerhaeuser are but a few of the U.S. companies who are members of the South African Foundation.

The Foundation is an all-white international lobbying and information dispersal unit acting on behalf of white South Africa. It is an overtly political body lobbying in the U.S. Congress against removal of South Africa's sugar quota, visiting universities to set the record straight on South Africa, attempting to influence high-level U.S. opinionmakers by touring them through South Africa to study firsthand "the strategic, political, and economic importance of South Africa for the non-Communist world." In South Africa it is a mark of good citizenship for a business to be a supporting member of the Foundation much as it might be here to give to the United Fund. A more political animal than the South African Foundation one could not imagine, Mr. Chairman, yet dozens of "apolitical" U.S. companies are members.

ECONOMIC GROWTH AND SOCIAL CHANGE

One argument is increasingly finding favor among U.S. companies. Many firms claim that they are helping create economic growth in South Africa; that this will integrate "nonwhites" into the economy and be a force for giving human and political rights to them. I deal with this in the testimony, but I would like to submit as an appendix an excellent document written by Richard Johnstone on the whole question of economic growth and political change.

Mr. Diggs. Without objection, that will be added to the record.

(For document, see appendix, p. 470.)

Mr. SMITH. A glance at the last decade, a time of fantastic growth for South Africa, unfortunately dulls that hope. During that time the rights and powers of the nonwhite majority has decreased and the gap between white and nonwhite wages increased.

It is true that economic growth may provide a few more jobs with better pay for Africans, Asians, and Coloured. But is this not just making a system of slavery more comfortable rather than digging to the roots of the condition? More jobs are not the answer to no vote, no political power, no freedom to speak out, no meaningful unions for Africans.

It is a hollow hope to expect the process of economic growth to convince white South Africa to share political and economic power with the nonwhite majority. This argument must be seen for what it is, a convenient rationalization used by U.S. firms to make America believe that they are on the side of the angels.

THE CONTRIBUTION OF U.S. BUSINESS TO THE SYSTEM OF WHITE CONTROL

Perhaps most difficult, but certainly most important, is an analysis of the ways in which U.S. corporate investment strengthens the overall system of white control. This must be considered the overriding question even if General Motors in South Africa in one of our wildest dreams became an equal-opportunity employer tomorrow.

Undoubtedly U.S. business has been a key factor in the present strength of the South African economy. Through technical skills and personal know-how, investment capital, and the establishment of plants, U.S. industry has helped make the South African economy strong and diversified. GM has said as much itself. "GM South Africa has made a major contribution to the growth and development of the Republic" a June 1970 press release stated.

Perhaps a look at the auto industry will help make the point that U.S. firms are working to undergird the system of white control. In 1962, after the post-Sharpeville depression, the South African Government, frightened by South Africa's vulnerability to the flight of foreign capital, instituted a local content policy which demanded that 65 percent of every car be built with local products by 1976. The white South African Government focused upon the auto industry since it could be an important catalyst in expanding, diversifying, and making self-sufficient the entire economy for a significant percentage of the gross domestic product.

It was a calculated political move so that South Africa would never again be vulnerable to outside economic pressures such as international sanctions. Ford, Chrysler, GM, and American Motors were forced to play the white government game and have become generally willing partners in the "local content" program by building new plants, expanding facilities, buying South African made components parts. This was exactly what the Government had planned. May I add as a footnote that, of course, these facilities could be used by the Government in times of emergency in South Africa for military purposes.

The major beneficiary of this program has not been the "nonwhite" worker in the plant who is paid wages near the breadline. The major beneficiary has been the white population which is increasingly able to thumb its nose at international opinion because they are building defense against outside economic pressure and have built a mighty military force, both of these with the help of American industry. The economy of South Africa has been stabilized, strengthened, and diversified by this process, and as a result the power and control of the

white minority has also been consolidated. U.S. business, instead of directly challenging the whole system, has instead acted in a supportive way to strengthen white power and control.

Some other examples may help illustrate this charge.

There is a present rumor that IBM equipment will be used for the new identification process being set up in South Africa. This means that IBM computers will be directly involved in the police state procedures that send 2,000 Africans a day to jail for pass offenses. This is a clear example of the way the white government can use "neutral" technology for their own political purposes.

Bell Helicopter advertises its products in South African magazines for military use. As you know, these helicopters are excellent for surveillance and counterinsurgency warfare, an obvious political implication.

General Electric and GM are both producing locomotives for South African Government use, locomotives which could be used for both civilian and military purposes.

Esso, Mobil, and Caltex help South Africa in her frantic search for oil, yet U.S. oil executives in South Africa seem unaware of the political implications of this business venture.

The list could go on endlessly. The key point and the one that leads the Council for Christian Social Action to urge companies to withdraw rather than pay higher wages is the way in which these firms, even with a fair wage policy, strengthen white control.

One factor which is admittedly difficult to assess is the interrelation between U.S. foreign policy and the presence of \$300 million investment and hundreds of U.S. businessmen in South Africa. Of those businessmen we interviewed, all expressed opposition to present U.S. policy toward South Africa arguing that it was "unfair," "unrealistic," "a sop to Negro militants," "doesn't understand the complexities of the racial situation here." As expected, businessmen's response to the present U.S. policy, weak as it is, reflected the anger and fears of their white South African friends. As the challenge to corporations in South Africa grows or a time of crisis occurs in South Africa, the tendency of U.S. businessmen and their corporations will be to urge Washington to take a more sympathetic stand toward the minority white government and its policies. The most drastic and frightening scenario is one that pictures U.S. troops or U.S. military aid protecting U.S. investment against "communism" in the time of a revolution.

In the end, Mr. Chairman, it seems to me that the presence of U.S. companies in South Africa only minimally develops the African, Asian, and Cape Coloured people of that land while it provides substantial economic, moral, and military support for the white minority regime. Based on that analysis, we can only conclude that on balance we should not be appealing to U.S. companies in South Africa to improve wages and benefits but instead should openly and clearly call for U.S. firms to withdraw from the hand of apartheid thereby withdrawing their important support for the overall system of white control.

Thank you. That finishes my formal statement, and I wanted to alert you to the fact that I did bring copies of a report, which I believe

you have seen, that highlights some of the content of this submission in more detail.

Mr. DIGGS. Without objection, the report will be included in the record.

(For report, see appendix, p. 481.)

Mr. DIGGS. Is that the end of your presentation?

Mr. SMITH. Yes, sir. And also for your information copies of a pamphlet that was prepared for General Motors annual stockholders meeting.

Mr. DIGGS. Without objection, that will be included in the record.

(For pamphlet, see appendix, p. 549.)

Mr. DIGGS. The gentleman from Pennsylvania, Mr. Whalley.

Mr. WHALLEY. Thank you, Mr. Chairman.

Mr. SMITH, this is a complete report. You seem to think that the No. 1 need would be for U.S. industry to leave South Africa. U.S. business' argument would be that, if they left, they will only be replaced by other countries. What do you believe?

Mr. SMITH. I think we have to be fair. That argument is a telling one. We have to deal with it in depth. Yes, it is very likely, if General Motors pulled out tomorrow, that Toyota would move to take over the market. But I think that begs the question, pretending that because somebody else may do something wrong, we have every right in the world to do likewise.

I think the most extreme example that is used in answer to that kind of question is someone saying, we would have provided military aid to Nazi Germany or the more gross example of gas to the gas chambers of Nazi Germany because someone else would have done so. I think every company has an individual responsibility. It can't hide behind what Toyota or another foreign firm would do.

Mr. WHALLEY. I can't understand. You say you prefer withdrawal, rather than getting better living conditions and better wages. If U.S. business is to be replaced by other companies, what would be the advantage? You are trying to change this system so that Toyota and other companies can go in with the same idea without improving the wages and living conditions?

Mr. SMITH. I see this as not only a part of national, but international pressure on South Africa. If General Motors moved out of South Africa, it would cause a tremendous uproar in South Africa. The white government would have to react, especially if there was indication that other American or foreign countries would move out.

I think one indication of that is the concern with which they viewed Polaroid's decision, even though Polaroid has a very small investment in South Africa. So I think that is a form of pressure that does cause rethinking. It would be a first step, and hopefully, allies in Japan and Europe would be putting on a parallel pressure.

One parallel we might see as an example is pressure in Sweden, Italy and the United States to stop building of the Cabora Bassa Dam in Mozambique. We have been able to get these countries to withdraw, even though some argued that West Germany will still do it. That wasn't the kind of logic that swayed the Swedish or Italians to say "Yes, we should still go ahead." Instead they looked at their individual responsibilities.

Mr. WHALLEY. What would happen if the U.S. businessmen got together and said to the South African Government, "Either change the situation, or we will withdraw." Rather than withdraw individually and let the job be done by someone else where the condition would not be changed?

Mr. SMITH. What would happen?

Mr. WHALLEY. Wouldn't it be better if they said to the government, "The situation has to change, and we are all for it, and if it doesn't change, then we are going to withdraw."

Mr. SMITH. You are setting it up in stages, with an ultimatum?

Mr. WHALLEY. I don't know—

Mr. SMITH. The thought boggles my mind somewhat, because American business doesn't see its role as a challenge to the political order in South Africa. For instance, Caltex has a set of international principles. These are principles which they try to follow around the world. Their job is to comply in letter and spirit with the laws and regulations of the country they invest in and to cooperate with government officials, and they go on to mention a number of other principles, including following the norms and customs of the country.

I think a businessman would see that kind of demand being very unfairly made upon him. I don't have very much sympathy for that situation, because I see he is involved and therefore should at least do what you are suggesting. I think the real question is when one sees how a specific American corporation is providing tools or facilities for the white government to continue its control over the African-Asian and Coloured population. For instance, if it does come to light that IBM computers are used in this new identification system, it is really not much good for IBM to go to the South African Government and say, "We want to raise our wages" or "We want to be an equal-opportunity employer," while they are helping the South African Government, on the other hand, to maintain its very forceful police control over the African population.

Mr. WHALLEY. Would South Africa have the ability to make the product that Polaroid was using and now IBM might be using?

Mr. SMITH. No; I am sorry. I am referring to two different things. Under a new piece of legislation in South Africa everyone is going to have an identification card of some sort, but the Africans will continue to carry pass books. As you can imagine, if you are putting 2,000 people in jail daily, it is tremendously difficult to keep police records and to be in touch or to keep that control system under control. So what I am suggesting from what I have heard is that IBM computers will be used in that system.

This is different than the pictures taken by the I.D.2 system that allegedly Polaroid was providing.

Mr. WHALLEY. Suppose IBM would not do it, would South Africa have the ability to produce their own computers?

Mr. SMITH. I can't answer that with assurance, but from what I understand South Africa is not strong in the computer field as yet. They rely very heavily on international companies in the computer field: IBM, Honeywell, National Cash Register, and some British companies as well, International Computer, Ltd.

Mr. WHALLEY. Thank you, Mr. Chairman.

Mr. Diggs. I was interested in Mr. Johnston's comments about the South African question being a major issue in next year's election and I was curious as to what was the basis for his prediction.

Mr. JOHNSTON. That is an opinion, of course. I believe it is becoming more of a major issue. I believe it has all of the ingredients of a major issue next year, because of the racial situation, because of the deterioration of the situation in South Africa.

By that, I do not mean that the South African Government is failing. It is getting stronger all the time. But I believe the situation in South Africa is going on to heights and it is going to affect us here, and because of my feeling that people around the country are getting more and more concerned about it.

So that is an opinion, sir. I would stand by it.

Mr. Diggs. Does the denomination of either one of you gentlemen have any holdings in South Africa?

I assume you have missions there or churches.

Mr. JOHNSTON. The Episcopal Church is set up with an Anglican Church in South Africa, which has property, but it is autonomous from Episcopal Church in this country. They are autonomous. They are in the brotherhood, but there is no holding as such. The holdings of the Episcopal Church are in a corporation, some of whom are invested in South Africa, General Motors.

Mr. SMITH. The United Church has similar investments, and I could check this but I am not sure they actually own the property. But they do have some missions and one school, a seminary, which is one of the few places a black girl can get educated outside of the Bantu educational system.

Mr. Diggs. You are proceeding to divest yourself of any investments in U.S. corporations?

Mr. SMITH. No, that has not been the strategy. It seems that churches are beginning to understand that it is impossible to get a clean stock portfolio. You can't divest yourself of investments in companies that pollute the air or are racist in America, or war contractors in South Africa. If you believe that churches should have a stock portfolio, that would be impossible to do.

Mr. Diggs. I don't put all of these things in the same category though. This is such a unique situation that it certainly differs from corporations that deal in pollution of the air. I am talking about pollution of the spirit.

Mr. JOHNSTON. I think that is an ultimate step, to divest. The point we are making in the church is that this is a moral and Christian issue and that the church is part of the world, including the goods it has, however contaminated they may be. And the corporation is a part of America, any corporation, and the church tries to express its conscience through whatever elements there are in our society.

I think that is where we are at the moment.

Mr. SMITH. What I would add to that, Bill, is that the churches are beginning to say that they will not sit comfortably making profits from these companies. Instead, if they own stock in a company like Gulf Oil Corp., they will challenge that corporation. And, in fact, they may do more, they may be able to create more pressure by running an ongoing campaign against the Gulf Oil Corp. instead of selling stock. That has been the logic up to now. This creates much more

pressure on a company than divestment. In an interesting symbol the Council for Christian Social Action gave \$500 to the major liberation movement in Anzola at the Gulf Oil Corp.'s stockholder meeting. They gave it to the Rev. Andy Young, who was going to pass it on to MPLA through World Council of Churches. In doing that, they stated that these profits, both symbolically and literally, represented profits from Gulf Oil Corp., so there was a linking together in a symbolic act of the profits that the church was making in these companies and the liberation struggle there.

Mr. JOHNSTON. I think another thing too is that the laity of the churches are the people who run the churches. The laity who are in controlling positions of the churches are most often businessmen and employers. A great number of them do sit high in the corporations of this country, particularly when they reach the top levels of the church: the clergy, those laity who do sit in the council with the clergy, and they are the same people who sit on the boards of corporations or executives or subexecutives in the corporations.

So you have this great entanglement here, a church and world kind of thing.

Mr. DIGGS. What kind of car do you gentlemen drive?

Mr. JOHNSTON. I don't drive a car.

Mr. SMITH. I drive a Volkswagen.

Mr. DIGGS. Did you visit the NASA tracking station, Dr. Smith?

Mr. SMITH. I didn't have a chance to do that.

Mr. DIGGS. Could you comment further on your point about 65 percent of every car will be built with locally produced components by 1976? Do you think they are moving toward a point where they will become completely independent in terms of the manufacturer of automobiles?

Mr. SMITH. Yes, that is South Africa's goal, it seems to me.

Mr. DIGGS. At that point, do you think they will encourage American firms to get out of there, because they can handle it themselves?

Mr. SMITH. I don't think so. In South Africa, if you read their investment brochures appealing for American companies to invest there say they are a stable land and "We have never nationalized a company." They state that very clearly in their material. So I think their goal is to try to make a strong, independent, economically independent South Africa. But they would never consider taking over one of these companies, unless it has strongly spoken out against them politically.

Mr. DIGGS. Did you talk with black workers while you were interviewing these people?

Mr. SMITH. Right. It was difficult in that white Americans who would tour you around the plant would ask a question like, "Have you ever talked to a Bantu worker?" There is a frightening paternalism implicit in that kind of question. It is difficult to go up and start a conversation with an African worker who would be very frightened to say anything with a white American executive standing beside you.

But we did informally talk to people that we knew outside of the plant and on one fascinating occasion after one of the executives of Chrysler had said that none of the people in their plant would want a union because everything was very progressive in their plant and they were well ahead of the needs of the African and Coloured workers in

the plant; I talked to a Coloured woman who was doing cut-and-sew work in the Chrysler plant. The first thing she said to me voluntarily was that "We sure do need a union." That symbolized how out of touch the white executives were.

Mr. DIGGS. How about this rumor about IBM? Do you think it has any credibility?

Mr. SMITH. It is very logical to me. IBM is one of the major American computers.

Mr. DIGGS. Could you trace the rumor?

Mr. SMITH. I will check that out.

Mr. DIGGS. Can you trace it as you try to recollect where you heard it?

Mr. SMITH. It was within the last week. It wasn't in South Africa.

Mr. DIGGS. You didn't see it in a publication? You just heard it through some source of information?

Mr. SMITH. Who probably read the Johannesburg paper very closely.

Mr. DIGGS. You think it appeared in the Johannesburg paper?

Mr. SMITH. Yes. I believe it was in a South African paper. If there was a computer going to be used in the identification or in the population control system, it very easily could be an IBM computer since IBM has cornered a large section of the market.

Mr. DIGGS. You do think that the church has a place there, Mr. Johnston?

Mr. JOHNSTON. Yes, absolutely. I have heard the argument from members of my church, laymen, businessmen, saying, "If you want to kick General Motors out, then the church should be kicked out." They are two entirely different kettles of fish. The church belongs there. The church, however racist the church is—and the church is pretty racist in South Africa; the people who run it there are tinged with racism, to put it mildly.

Mr. DIGGS. Are you talking about the autonomous unit of your own denomination?

Mr. JOHNSTON. I am speaking about my own church, and I know the people there. There are a few people who have witnessed and worked, and they are gradually being knocked off, either arrested or deported.

But the church does belong there, and the important thing is that we must maintain our links with the African church. Because the growing of black consciousness in South Africa is a natural concomitant to apartheid of white racism and separatism.

Mr. DIGGS. Your church, of course, that is that autonomous unit of the church that is in South Africa, is an employer itself?

Mr. JOHNSTON. Oh, yes.

Mr. DIGGS. Do you have any knowledge about their employment practices?

Mr. JOHNSTON. They are no better than anybody else and probably a lot worse.

Mr. DIGGS. What are the rates of pay and working conditions?

Mr. JOHNSTON. I don't know the particular rate of pay. A black sweeper in a church who cleans the church gets a normal rate of pay. He may get a few items like clothes and food and pastoral care kind of thing.

Mr. SMITH. African clergy generally get paid half of what white clergy do, even though their parishes are four times larger.

Mr. JOHNSTON. Even when the issue comes up, it is fought and fought because white clergy will say, "We have a standard of living and Africans have a different standard of living and they don't need as much."

This argument is brought right into the church council, and "We have more education, more needs. We live in better homes, we have inside plumbing," et cetera.

Mr. DIGGS. That African who works for your church, either church over there, that African sweeper, when he gets the urge to relieve himself where does he go?

Mr. JOHNSTON. There is something out in the back for him. He might pinch something on the sly. I remember one mission station where they installed electricity for the church schools white rector's home, and there happened to be an American present who said, "How about running the line down to the Cohomo house a hundred yards away?" They had never thought about it. He was a priest on the staff. So they ran a line down, and it was the biggest story of the month. There is a complete unawareness.

Mr. DIGGS. You visited your denomination's facilities while you were there?

Mr. SMITH. That really wasn't the task of our research. I spent very little time dealing with the church.

Mr. DIGGS. Did you in fact visit any of your own churches while you were there?

Mr. SMITH. I talked to three or four people who were involved in the Congregational Church in South Africa, which, like the Anglican Church, is a separate, autonomous denomination.

Mr. DIGGS. Did you find any of these conditions inside the church facilities?

Mr. SMITH. I am more aware of research that has recently been turned out on disparity in wages in the churches and the disparity of benefits and emphasis on African congregations and nonwhites.

Even what is considered the liberal institutions of South Africa—Christian Institute and Institute of Race Relations, groups that have blacks and Cape Coloured and Asians working for them—these groups up to now have been emphasizing an appeal to white South Africa to bring about change. That is the kind of strategy they have. That is reflected where the white-dominated churches are, too.

The main emphasis is still reaching out to the whites, not empowering blacks of South Africa.

Mr. DIGGS. Did you find the attitudes of the churchmen that you spoke to within your denomination similar or dissimilar from the business people you spoke to?

Mr. SMITH. It was a very small sample, but the very small sample was dissimilar. People who spoke Zulu, worked with the Zulu people very closely. They were playing a different role there. Their job was to work with African people, teaching literacy or something like that. So their sensitivities and openness was very different.

Mr. DIGGS. In the material that you submitted, did you clarify the relations of salaries and the poverty datum line to actual market level salaries in relation to the living wages there?

Mr. SMITH. I tried to point that out when I said that the poverty datum line which is assessed by the Johannesburg non-European Affairs Department, and the Institute of Race Relations, equals \$85 a month, that, for instance, in six out of 10 jobs in the Johannesburg area, the average wage was below that amount for Africans.

When General Motors says it is progressive in South Africa, it means in comparison to the rest of the companies in South Africa it is paying a more decent wage. But it is not paying anything near what that man or woman's work is worth. That is not a criteria they brought into their valuation of what a man should be paid.

Recently, Union Acceptance Ltd. and several other groups have done a survey every year of benefits and pay given to workers, executives to secretaries in major firms in Johannesburg. Only in the last 2 years have they begun to include Africans in that booklet of about 300 pages long. So you would look through it and you would see what vacation benefits white executives were given, because another company wanted to know how they could compete.

The question of whether you were really needed to compete for African labor by paying slightly higher wages has only begun to enter the consciousness of some of these corporations. So they had four pages on how much Africans were being paid on the average.

Mr. DIGGS. One final question to both of you. In view of the fact that there appears to be evidence of racism in your denominations over there, how do you answer people who say that in addition to making criticisms against the U.S. business, what are you doing about your own churches and their practices that fall within the same category?

Mr. JOHNSTON. When I visited there 5 or 6 years ago, I did talk very much and I became aware of this racist quality in the church there. I was very fortunate on my last visit to take part in a sensitivity course, group dynamics training, and it was a very conglomerate group. Its system had been introduced by Americans to South Africa and these things were running wild in South Africa, reaching out into the churches and students and all parts of society. It was bringing people together; all kinds of people, every racial group, economic category, and everything.

So this was a beginning of some kind of breakdown in a laboratory situation, granted, of bringing people together. I took part in this and I had a lot of arguments with whites and talked with black and brown people on this subject.

So we as an organization simply will not support certain people there—I cannot mention the names—simply because of their attitudes. We know what they are. Others, we will.

Mr. DIGGS. Mr. Smith.

Mr. SMITH. Because the church is autonomous, it is very difficult for United Church of Christ to say, "You have to do this." There is no tie we have with them. From what I know, pressures have been put on the outside and inside to raise clergy wages, have more emphasis put on African parishes, and things of this sort.

In Angola, the United Church of Canada and United Church of Christ have had joint missionaries there for a long time. A lot of the people involved in the liberation struggle received mission education and decided they had to be free to be real men. A year and a half ago,

both of these churches decided if the Portuguese were not going to allow people who left the country visas to reenter, that was fine as far as they were concerned.

Increasingly, it was becoming incredibly difficult to do anything within the situation of Angola and at some points it was also prohibiting the overseas church from speaking out, because you could always raise the alarm of harming missionaries by speaking out in the U.S.P. Missionaries have said that if the United Church of Christ or Canada wanted to speak out about Angola and support the revolution there, they should not stand back fearful of the repercussions to missionaries there.

Mr. Diggs. Thank you.

The subcommittee stands adjourned.

(Whereupon, at 12:40 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.)

U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

TUESDAY, JUNE 15, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON AFRICA,
Washington, D.C.

The subcommittee met at 2:30 p.m. in Room 2255, Rayburn House Office Building, Hon. Charles C. Diggs, Jr. (chairman of the subcommittee) presiding.

Mr. Diggs. The subcommittee will come to order, please. Before the committee proceeds, I would like to acknowledge the presence in our audience today of members of the African diplomatic community from Nigeria, Ghana and Zambia, who are in Washington on leave from their foreign ministries under the Department of State grant to learn about the activities of our Government in foreign affairs.

We certainly would like to welcome you gentlemen to our proceedings this afternoon.

The United States policy toward business in South Africa is often expressed as "neither encouraging nor discouraging investments in South Africa and maintaining normal trade with Angola and Mozambique."

What do these expressions mean?

The main purpose of these hearings exploring U.S. business involvement in Southern Africa is to get the facts on the implementation of this policy, to understand what it means, and to get the facts on the extent of U.S. Government business involvement in southern Africa.

Today, we seek to be fully informed on all these questions. What is U.S. Government policy with respect to U.S. trade with South Africa, with Angola, with Mozambique, South West Africa, what is U.S. Government policy with respect to investment in each of these areas?

Is a policy of neither encouraging nor discouraging as implemented truly one of neutrality? If not, what is actually our policy?

Is the advocacy of communication as implemented incompatible both in theory and practice with our proclaimed policy of neutrality then?

Do we, in violation of the spirit of the Lusaka Manifesto actively give the support of economic and commercial intercourse to those countries which deny the humanity of the majority of their citizens?

Our commitment as stated by Secretary Rogers then is to work toward change through the interplay of economic and social forces, and Assistant Secretary of State David Newsom has declared that we seek constantly to find ways to encourage trends which would lead to peaceful change.

Are these merely pronouncements, or are these the fundamental guidelines on which the United States Government bases its actions with respect to U.S. public and private business involvement in southern Africa?

We have with us today to explore these questions representatives from the Post Office and the Department of Commerce, and we look forward to gaining a clearer view of our policy, particularly its implementation with respect to our policies vis-a-vis private interests in those areas.

The Chair would like to call upon the representative of the Post Office at this point.

STATEMENT OF J. F. JONES, DIRECTOR, TRAFFIC MANAGEMENT DIVISION, OPERATIONS DEPARTMENT, U.S. POSTAL SERVICE

BIOGRAPHY

Present position: Director, Traffic Management Division, Operations Department, U.S. Postal Service.

Education:

A.B. and M.A. Boston College, Newton, Mass.

Teaching Degree—Sorbonne University, Paris, France.

Postal experience:

Field. Entered Postal Service at Boston, Massachusetts, in June, 1938 as substitute Postal Transportation Clerk. Performed service in all types of field operating units.

Departmental. Transferred to Bureau of Transportation, Washington, D.C. in January 1947. Have served as Assistant Director, Administration Service; delegate and interpreter to Universal Postal Union Conferences from 1947 to 1952; Director of Budget and Administration Services; Director, Railway Transportation Division; Assistant Director, Transportation Research; Director, Rail Development Branch; Director, Research and Development Division; Director, Domestic Transportation Division; Director, Transportation Economics and Development Division; and my present assignment. This has covered all facets and aspects of the Transportation and Traffic Services of the United States Postal Service.

Also chaired Departmental special studies of first class mail by air; long range transportation planning; containerization; and facility planning.

Military service: U.S. Army—1942–1946. Finished service as Operations Officer, Army Postal Service, European Theater, with overall responsibility for mail service to all military personnel in that theater.

Mr. DIGGS. Does the gentleman have a prepared statement?

Mr. JONES. Mr. Chairman, I do.

Mr. DIGGS. Would you identify yourself?

Mr. JONES. Yes. My name is Joseph F. Jones, and I am Director of the Traffic Management Division of the U.S. Postal Services.

Mr. JONES. Mr. Chairman, the Post Office Department began the dispatch of mail from New York to Johannesburg via South African Airways on February 24, 1969. South African Airways provides service on 1 day each week, a Monday departure from New York.

No other carrier provides equivalent service on that date. On other days, dispatch is via Pan American Airways direct to Johannesburg or by Pan American for connection with other carriers via Lisbon, Rome, and Nairobi.

Mail is tendered to South African Airways on the basis of established rates that are applicable to other international carriers. No contract is involved.

Communication is desirable with other countries, whatever our differences. Thus, it is the policy of the U.S. Postal Service to make a daily dispatch of international airmail to other countries wherever possible. It is also U.S. Postal Service policy to use U.S. carriers for dispatch of airmail to foreign countries whenever possible.

When mail would be delayed 24 hours or more by holding for a U.S. carrier, we use foreign flag carriers. Under this policy, the Monday only flight of South African Airways is used from New York to Johannesburg. Mail dispatched on that flight is advanced 24 hours in delivery over holding for the next Pan American flight.

If mail were withheld from South African Airways, there would be little economic effect on the carrier, but there would be an inconvenience to American citizens who send mail to South Africa.

South Africa returns mail to the United States via Pan American Airways to New York. If the dispatch of our mail to South African Airways were stopped, it is possible that South African Airways would withhold dispatch of mail to Pan American.

Attached is a schedule showing the air dispatches as used from New York to South Africa, indicating the service value of the South African flight.

(The document referred to follows:)

NEW YORK TO JOHANNESBURG, SOUTH AFRICA, AIR MAIL DISPATCHES

	Leave	Airline and route	Arrive Johannesburg
Sunday	2000	Pan American Airways—Lisbon/Tap 257 (Portuguese)	1540 Tuesday.
Monday	1245	South African Airways 204—Direct	1245 Tuesday.
	2215	Pan American Airways 180—Nairobi/BOAC 003 (British)	0635 Wednesday.
Tuesday	1700	Pan American Airways 184—Direct	2215 Wednesday.
Wednesday	(¹)
Thursday	0830	Pan American Airways 118—Rome/KIM 593 (Dutch)	1255 Friday.
	1700	Pan American Airways 188—Nairobi/BOAC 009 (British)	0635 Saturday.
Friday	(¹)
Saturday	1745	Pan American Airways 182—Direct	2030 Sunday.

¹ No service.

NEW YORK TO JOHANNESBURG, SOUTH AFRICA—VOLUME INFORMATION

	Weight (kilograms)	Amount
A. Payment to South African Airways—New York to Johannesburg, March 1971:		
Letters/cards	60	\$1,066.20
Other articles/parcels	10	44.40
Total		1,110.60
B. Payment to Pan American Airways—Johannesburg to New York, November 1970:		
Letters/cards	397	7,038.81
Other articles/parcels	166	735.38
Total		7,774.19
C. Airmail dispatched via Pan American Airways—New York to Johannesburg, March 1971:		
Letters/cards	4,292
Other articles/parcels	10,495

Mr. JONES. Mail is dispatched to a Pan American Sunday flight even though arrival at Johannesburg is slightly later than the Monday flight of South African Airways. Equivalent delivery is made by the two flights.

The volume of mail dispatched from New York on South African Airways in March of 1971 was only 70 kilos or 154 pounds. For this service, South African Airways was paid \$1,110.60. Although the volume is small, the Postal Service could not omit dispatches to this flight and still provide the service which the customer can reasonably expect in paying a premium airmail rate.

During the month of November 1970, the latest month for which records are available, Pan American Airways carried 563 kilos of mail from Johannesburg to New York.

Surface mails between New York and South Africa are dispatched on U.S. flag companies from New York and New Orleans to Johannesburg.

Thank you, Mr. Chairman.

Mr. DIGGS. The gentleman from Pennsylvania, who, in addition to being a member of this subcommittee, also happens to be chairman of the Subcommittee on Postal Operations for the House Civil Service Committee has questions, and I would like to defer to the gentleman at this point.

Mr. NIX. I—first of all, Mr. Chairman, my apologies, and also you, Mr. Jones, for not being here at the beginning of your statement. It was not possible for me to be here on time.

I take it from what you have said, that which I heard, you think that this is an essential service, and to cut it off would not be in the best interests of the United States of America.

Is that the position you take?

Mr. JONES. We feel that it is a service that, if we eliminate use of this particular dispatch, would not afford the users of the U.S. Postal Service the full advantages for which they pay.

Mr. NIX. You say mail between New York and South Africa is dispatched on U.S. flag companies from New York and New Orleans to Johannesburg.

Assume for the moment that the U.S. Postal Department discontinued that service. Do you think it would have any impact on the methods of the Government of South Africa?

Mr. JONES. That I could not say, Mr. Congressman. We do feel from the standpoint of the Postal Service that maintaining an open channel of communications and exchange does permit a continuing exchange of ideas.

Mr. NIX. I think the Postal Service or any other agency of government should reflect the attitude of the Government of the United States. Don't you agree on that?

Mr. JONES. Yes, sir.

Mr. NIX. From what I have heard from testimony in various committees a great number, a great segment of the population of the United States is disenchanted with the methods of the Government of South Africa. Has that been brought to your attention?

Mr. JONES. I understand, Mr. Congressman, that there is significant feeling on the part of many people about the Government of South Africa.

Mr. NIX. You see, in substance, and Mr. Chairman, I shall not go on very long with this, what I have in mind is this: We have a situation existing. We know the philosophy of that Government. We are in disagreement with it. We think we are right in that disagreement, and we are seeking ways in which to express that disagreement.

Now, for me, this is an exploratory session, and I am seriously considering the utilization of change of the rules in the Postal Department as a means of expressing our disenchantment with that Government. That is the reason for the questions that I put to you, so that there will be no mistake at all about my thinking in this matter.

Mr. JONES. We appreciate that, Mr. Congressman. At the same time, we have endeavored at all times, as a matter of policy, to maintain channels of communications with all countries, and we have felt that it does contribute to a more effective resolution of differences if there is a free interchange of information.

Mr. NIX. Of course, that is not absolutely accurate. We certainly have discontinued communications with many countries whose interests expressly have been adverse to ours, or any country whose method of government we disagreed with.

By the way, that disagreement has taken many forms, and we have justified our action toward those governments by saying that what we have done is in the interests of the Government of the United States. That is the reasoning that we hear to justify whatever we do against another government.

Mr. JONES. Mr. Congressman, actually, with regard to the exchange of mail, the United States has suspended communications with other countries only in the case of armed conflict. Where we do have certain difficulties in exchange, such as with the Government of Communist China or North Vietnam, the exchange of communications is limited, but letter mail or similar services is still maintained.

Mr. NIX. From what you said now, we might very well consider limiting the mail to South Africa. That is another thought. I am happy to put it in the notes, because I would like to go over this again. It would be consistent with what you said a moment ago as to our conduct toward other governments in the past.

Mr. JONES. That would be a matter, I believe, of top decision by the Government. We do, wherever the conditions or communications channels are available, try to maintain the maximum amount of communication and exchange.

Mr. NIX. Thank you, Mr. Chairman.

Mr. JONES. Thank you.

Mr. DIGGS. The gentleman from Iowa, Mr. Culver.

Mr. CULVER. Thank you, Mr. Chairman. Mr. Jones, can you point to one area of South African life that has been significantly improved in the last 3 years as a result of America maintaining this communication of which you speak?

Hasn't the last 10 years seen a movement the other way?

Mr. JONES. Mr. Culver, I might respectfully say that I am not expert in that area.

Mr. CULVER. No, but I think you ought to periodically review some of your basic premises here, that this communication holds open the door of promise and all these slogans and cliches we banter about bureaucratically.

Let's look at the record, and if you want us to accept that suggestion, give us some facts with respect to South Africa. How has this approach really brought about the wonderful movement toward more humanitarian conditions?

Mr. JONES. At this time, I would rather defer to people who are more expert in that area.

Mr. CULVER. Do you mind if we defer and not give a great deal of credence to your premise?

Mr. JONES. I do have a responsibility as an official of the Post Office Department.

Mr. CULVER. Give us the nature of your thought with regard to South Africa.

Mr. JONES. Without regard to particular race——

Mr. CULVER. We are talking about a particular country, and a particular race—two races.

Mr. JONES. We do endeavor to keep communications channels open.

Mr. CULVER. Has this been useful in the last 10 years, or does the track record show that the trend line is in your direction?

Mr. JONES. If I can give a personal opinion, which is taken from what I read, sir, I do believe the problem has been aired, that the merits and the more morale issues have been brought into clear focus, and that this could not be done if we do not maintain communications.

Mr. CULVER. When you look at the international world community, look at that map over there, and talk about the differences in the world, you talk about our differences with other countries differences, with other political systems, I think that is all very true and good.

But do you see any special differences in the case of South Africa as distinguished from other countries? In short, does the fundamental inhumanity of a political system by law which is established on the premise that because a man is born white, he is better than a man who is born black, does that fundamental humanitarian difference fall into a rather unique posture as far as our differences around the world are concerned?

Mr. JONES. It is a philosophy which I do not subscribe to.

Mr. CULVER. But the fundamental difference is really fundamentally different than these nuances of ideology and political organization and so on.

These are differences of a very fundamental nature, aren't they?

Mr. JONES. They are very fundamental. I doubt if they are different from any philosophy that would subject any person to a failure or inability to exercise his proper faculties and capabilities.

Mr. CULVER. When your skin happens to be black, as distinguished from lily white, to be predestined by a political system that is organized on that basis, that is different, don't you think?

You don't see that in a Communist country, do you? You don't see it in a socialist country. You don't see it in so-called democratic countries, do you, as an operating legal premise of the economic and legal system?

Mr. JONES. No. This is the only one I am aware of.

Mr. CULVER. What do you think about the Civil Aeronautics Board action in awarding South Africa the air rights to land in New York?

It is my recollection that when this was originally done, one of the requirements the Civil Aeronautics Board had to fulfill was that this was deemed to be in the public interest of the United States, to award that particular license.

What do you think about the public interest in the United States of the blacks, the 22 million black persons when they can't even use that

airline without getting off at the terminal at the other end and have to go into a segregated toilet?

Do you think that their public interest is served by giving South Africa the right to transport them and make money? All these balance-of-payments things are beautiful, but really gloss over an awful lot of fundamental moral questions.

To some people they are adequate substitutes for them. But do you think the public interest of the black Americans is being served when he can ride on that carrier and get over there and be humiliated and disgraced upon arrival?

Mr. JONES. As I said before, Mr. Congressman, I do not agree with that method of procedure. I would not at this time want to prejudge, and I am not competent to state the background that led up to the granting of this certificate.

It was a bilateral agreement.

Mr. CULVER. We can't argue about that. But whether it is right, we can address in a separate way.

If you were a black American, and if you helped build Kennedy Airport, subsidized it, is it in your interest, your public interest, to have that publically subsidized airport be used for these purposes that systematically discriminate against you because of the color of your skin? I tell you what we are trying to do here today, we are trying to shake up this silly bureaucracy to address themselves to these moral questions.

I have served on this committee 8 years, and I have been singularly unimpressed with official concern. That difference is lost sight of increasingly in the domestic constituency and among your people, and among the overwhelming majority of the people of the African Continent.

Now, when you talk about mail delivery, what do you think about the idea of having this inconvenience by not subsidizing these carriers, by not giving mail contracts to South African carriers.

Let it go. Let the mail be a few days late. Wouldn't that be a kind of a daily reminder to people that you have to pay some price to be part of a civilized world community of nations?

Maybe we are not that interested in talking to them as long as that system goes on, and maybe it would go and reinforce the people who are fighting with good faith in those countries to say, "Ah, this is another niche in the repudiation of the civilized world community of this kind of conduct and this kind of social, political and legal system."

What do you think of that?

Mr. JONES. If that action were taken, it could be so interpreted, I am sure. It would from our standpoint require direction from the policy level of the government.

Mr. CULVER. I realize there are very few things you do over there, you know, that don't come from someplace.

Mr. JONES. Yes.

Mr. CULVER. I mean in terms of carrying out the law.

I don't have any more questions, Mr. Chairman.

Mr. DIGGS. Mr. Jones, what other foreign air carriers do we use to carry the U.S. mail?

Mr. JONES. We use limited dispatches under the same principle on a number of foreign carriers. Scan Air, South and Central American carriers, Trans-Pacific carriers on a selected basis, such as Australian Airlines. Occasionally, because of the frequency of American carrier services into Western Europe and the Mediterranean, we do not make use of any regular dispatch on foreign flight carriers to those points.

Mr. DIGGS. You could provide the list for the record.

Mr. JONES. Yes, I will be happy to provide a list.

(The document referred to follows:)

<i>Foreign Air Carrier</i>	<i>Dispatch Point</i>
(ANZ) Air New Zealand.....	Honolulu, San Francisco
(PAL) Philippine Air Lines.....	Honolulu, San Francisco
(CMA) Compania Mexicana.....	Los Angeles
(ADM) Aeronaves De Mexico.....	Los Angeles
(VAR) Varig Airlines.....	Los Angeles
(ARG) Aerolinear Argentinas.....	Los Angeles
(AVN) Avianca.....	Los Angeles
(SAS) Scandinavian Airlines.....	Los Angeles
(UTA) UTA (French Territorial Airlines).....	Los Angeles
(TAC) TACA Airways.....	New Orleans
(SAH) Sabsa Airlines.....	New Orleans
(CEA) Ecuatoriana de Aviacion.....	Miami
(TAN) Transportes Aeos Nacionales.....	Miami
(LAC) Lineas Aerreas Costaricences.....	Miami
(AFL) Air France.....	Miami
(LNI) Lineas Aeroas de Nicaragua.....	Miami
(CBA) Caribbean Atlantic.....	Miami
(ALM) Dutch Antilles Airlines.....	Miami
(BWI) British West Indian Airways.....	Miami
(SAA) South African Airways.....	New York
(IAL) Icelandic Airways.....	New York
(IRL) Irish Airlines.....	New York-Boston
(TAP) Transportes Aeos Portugueses.....	Boston

Foreign air carriers are used to a limited extent only and to supplement service by U.S. air carriers.

When possible, the Postal Service dispatches mail to provide a daily service (generally Monday through Friday) to other countries.

Mr. DIGGS. Are we using foreign airlines from countries other than Western European countries, such as the eastern bloc countries? The Soviet Union and Asian countries?

Mr. JONES. Yes, sir; we are, for connection. If we dispatch mail to the Soviet Union, we move it into European terminals on Pan American, or other U.S. airlines. At that point, on 1 or 2 days a week, we go directly into Moscow on U.S. airlines, but other days we may connect with the Finnish airlines, or Aeroflot in order to complete the movement to Moscow.

Mr. DIGGS. What other African airlines do we use?

Mr. JONES. We do make use of African airlines for connections to deliver to final points in Africa. I would be happy to check that and furnish a complete list.

Mr. DIGGS. Is there any justification for the fact that there are not some black African airlines that are being used to carry the mail for the convenience in those areas?

Mr. JONES. Mr. Chairman, if the particular schedules meshed and were the best available, we would dispatch to them. The postal administration in Africa at the transfer point controls the onward movement of mail.

(The document referred to follows:)

ATTACHMENT B

ONWARD MOVEMENT OF MAIL IN AFRICA BY NATIVE AFRICAN AIRLINES SHOWING AIR CARRIER AND POINTS

Off-load point in Africa by U.S. air carrier ¹	African air carrier	Ultimate destination
Cotonou, Dahomey	Air Afrique	Lome, Togo.
Dakar, Senegal	do	Libreville, Gabon.
Do	do	Bamako, Mali.
Do	do	Ouuala, Cameroun.
Do	do	Ouagadougou, Upper Volta.
Abidjan, Ivory Coast	do	Do.
Do	do	Niamey, Niger.
Douala, Cameroun	do	Lamy, Chad.
Lagos, Nigeria	do	Cotonou, Dahomey.
Do	Air Congo	Kinshasa, Republic of Congo.
Monrovia, Liberia	Air Guinee	Conakry, Guinea.
Dakar, Senegal	do	Do.
Lagos, Nigeria	Air Togo	Lome, Togo.
Nairobi, Kenya	East African Airways	Kampala, Uganda.
Do	do	Blantyre, Malawi.
Do	do	Dar es Salaam, Tanzania.
Do	do	Kigali, Rwanda.
Entebbe, Uganda	do	Do.
Nairobi, Kenya	Ethiopian Airlines	Addis Ababa, Ethiopia.
Do	do	Asmara, Ethiopia.
Monrovia, Liberia	Ghana Airways	Bathurst, Gambia.
Abidjan, Ivory Coast	do	Accra Ghana.
Lagos, Nigeria	do	Freetown, Sierra Leone.
Do	do	Bathurst, Gambia.
Monrovia, Liberia	Nigeria Limited	Abidjan, Ivory Coast.
Do	do	Bathurst, Gambia.
Accra, Ghana	do	Abidjan, Ivory Coast.
Lagos, Nigeria	do	Accra, Ghana.

¹ Postal administration at country of off-load determines the air carrier and routing to be used in forwarding mail to ultimate destination.

Mr. Diggs. What is the authority of the Postmaster General to arrange for carriage of mail by foreign air carriers?

Mr. Jones. This is set up in the Civil Aeronautics Act and in international postal conventions, which set provisions for moving of mail to destination.

In connection cases, where we might make an initial mail dispatch from the United States on an American carrier to a foreign point for onward connection, the postal administration at the point of transfer does exercise the right of controlling the transfer.

Mr. Diggs. How about the application of title 39 of the United States Code, or title 39 of the United States Code on post office, or 49 of the Federal Aviation Act.

Are they applicable to this kind of transaction?

Mr. Jones. Yes, they are.

Mr. Diggs. Does not title 49 of the United States Code provide that when the Postmaster General finds that the needs of the Postal Service require additional transportation, a specified notification and hearing procedure is to be followed prior to the granting of a permit to authorize foreign air carriers to carry the mail?

Mr. Jones. This is where no service exists and an additional service is requested. That type of request would be made to the Civil Aeronautics Board for hearing and additional certification of a carrier. Where a particular carrier is already certificated or authorized for service, we do make dispatches on that carrier on the basis of the Postal Service advantages gained by using that particular schedule or carrier.

Mr. DIGGS. Was this prescribed procedure followed in the case of the South African Airways, do you know?

Mr. JONES. Yes, sir.

Mr. DIGGS. Did the Postmaster General file for certification of the proposed route as required by section 6303 of title 39, and by section 1371 of title 49?

Mr. JONES. The particular actions, Mr. Chairman, I could not answer in depth. I am sorry. The authorization of South African Airways to operate into the United States was made by bilateral agreement, and subsequently the Civil Aeronautics Board authorized the carrier to implement the service.

When the carrier did implement the service and the schedule was operative, we found that it could give an advantage in delivery to make mail dispatches on it.

Mr. DIGGS. Does this require notice in the Federal Register?

Mr. JONES. To use a particular service?

Mr. DIGGS. A proposed new route?

Mr. JONES. Yes, it would.

Mr. DIGGS. Do you have any answer as to when the notice was published and all that?

Mr. JONES. I do not have it, Mr. Chairman.

Mr. DIGGS. Would you supply that for the record?

Mr. JONES. Yes.

(The information referred to follows:)

Foreign air carrier permits are issued by the Civil Aeronautics Board pursuant to 49 U.S. Code 402, which requires a hearing, and a determination by the Board that the applicant is "fit, willing and able properly to perform" air transportation, and of "such reasonable terms, conditions, or limitations, as in its judgment, the public interest may require." The issuance of a foreign air carrier permit by the Board is subject to the President's approval. 49 U.S. Code 1461.

On July 25, 1968, South African Airway's application for a foreign air carrier permit was received by the Civil Aeronautics Board and filed as Docket 20054.

Mr. DIGGS. Which persons are considered interested persons under the statute and notified of the proposed route?

Mr. JONES. When a route of this type would be set, the normal parties at interest would be postal service, Government agencies, and other air carriers that might be providing service in the area.

Mr. DIGGS. Could you provide us with more definitive answers? I presume you have some guidelines that are available on the question of interested persons under the statute.

Mr. JONES. Yes, sir.

(The information referred to follows:)

On August 27, 1968, the Board caused a Notice of Prehearing Conference to be published in the Federal Register and also served such a Notice upon the Postal Service, the Air Force, the Federal Aviation Administration, the Departments of State, Defense, Interior and Transportation, Trans World Airlines, Inc., and Pan American World Airways, Inc.

Mr. DIGGS. There was no notice sent to the State Department?

Mr. JONES. In the case of international routes, there would be.

Mr. DIGGS. What happens when the notice is sent to the State Department? Is there any guide or relationship with the State Department relative to a matter of this type?

Mr. JONES. There would be consultation with representatives of the State Department to determine if there would be any objection to use of this type of service.

Mr. DIGGS. And you did consult with the State Department?

Mr. JONES. Yes, there was a consultation with the State Department.

Mr. DIGGS. They said there was no objection?

Mr. JONES. They entered no objection, right, sir.

Mr. DIGGS. Despite our pronouncements on the subject of South African policy, they thought it was all right. Suppose they had said no? Suppose they had said that in view of the pronouncements that we have made in the U.N. and various other forums that we do not think it is in the best interests of the U.S. Government to carry U.S. mail on South African Airways.

What would have been your answer?

Mr. JONES. That matter would have been discussed, I am sure, between the Postmaster General and the Secretary of State, sir, and we would be guided by the desires of the top officials in the Government.

Mr. DIGGS. But the policy of the State Department is controlling in that instance?

Mr. JONES. I would say it would be guiding. It would not be final.

Mr. DIGGS. Are we correct in understanding that Pan Am has incurred an economic loss from this arrangement?

Mr. JONES. I could not answer that, sir. I do not know.

Mr. DIGGS. Though he was sent to Pan Am?

Mr. JONES. Yes.

Mr. DIGGS. Concerning these interested persons, did they have an opportunity to present written data and arguments with respect to the route?

Mr. JONES. That is the normal procedure in these cases.

Mr. DIGGS. Were any views presented that were opposed to the awarding of this contract to South African Airways?

Mr. JONES. I am not aware of any, Mr. Chairman, but we could check the record.

Mr. DIGGS. You had no views presented to you at all in opposition?

Mr. JONES. We are not aware of any, sir.

This would be a Civil Aeronautics Board proceeding. They do issue the notices. We would be a part of that hearing.

Mr. DIGGS. This relates to the question of interested persons.

If interested persons were confined to persons who were interested in seeing that this contracting be awarded, then obviously there is no wonder that you had no views presented to the contrary.

Mr. JONES. This service, to clarify a technical point, Mr. Chairman, is not a contract as such. It is an authorization which is issued by the CAB to provide a service by these airways.

If the schedules of South African Airways or any other carrier are used by the transportation of mail, then the Post Office pays an established rate that is applied equally to all foreign carriers.

Mr. DIGGS. What was the period between the filing of the proposed notice on this route and the granting of the permit?

Mr. JONES. I do not have that information available, sir.

Mr. DIGGS. Could you provide it for the record?

Mr. JONES. I think so.

(The document referred to follows:)

On July 25, 1968, South African Airways' application for a foreign air carrier permit was received by the Civil Aeronautics Board and filed as Docket 20054.

On August 27, 1968, the Board caused a Notice of Prehearing Conference to be published in the Federal Register and also served such a Notice upon the Postal

Service, the Air Force, the Federal Aviation Administration, the Departments of State, Defense, Interior and Transportation, Trans World Airlines, Inc., and Pan American World Airways, Inc.

After a hearing before a hearing examiner the Board, on October 2, 1968, reached a decision to grant the application, subject to Presidential approval, which was granted on November 7, 1968. The final order of the Board, Order 68-11-41, issued in Docket 20064, granting a foreign air carrier permit to South African Airways, recited the following finding:

"1. That it is in the public interest to issue a foreign air carrier permit to South African Airways authorizing the carrier, for an unlimited period (a) to engage in the foreign air transportation of persons, property, and mail between a point or points in the Republic of South Africa, the intermediate point Rio de Janeiro, Brazil, and the terminal point New York, N.Y. . . ."

The Postal Service did not participate in this proceeding, and further information upon South African Airways' permit can best be obtained from the Board itself.

Mr. DIGGS. Do you know whether the statutory period was met?

Mr. JONES. I don't know off hand, but it would have to be to have the service operate.

Mr. DIGGS. This permit was issued when?

Mr. JONES. We began to use the service in February of 1969, sir. I do not have the exact date of the Civil Aeronautics Board authorization. Excuse me. It was November 7, 1968.

Mr. DIGGS. Is the permit limited to a particular duration?

Mr. JONES. Normally not, sir.

Mr. DIGGS. It is an open end, as long as they might meet your guidelines, is that what you are saying?

Mr. JONES. Yes.

Mr. DIGGS. It is never reviewed at all?

Mr. JONES. That would be a responsibility of the Civil Aeronautics Board to determine what the needs are, or the qualifications.

Mr. DIGGS. There must be some kind of inputs on the part of the Postal Service with respect to the permit and the continuation of it. There must be some kind of guidelines to review from your standpoint.

Mr. JONES. Our standpoint comes strictly from an operating viewpoint. If we have adequate service on American-flag carriers, we would not use South African Airways.

Mr. DIGGS. What, if any, conditions are attached to this permit regarding the public interest question?

What constitutes public interest in terms of your definition?

Mr. JONES. I think, sir, if I may, I would rather have the Civil Aeronautics Board answer that question.

Mr. DIGGS. You don't have any guidelines? There must be some kind of interlocking relationship here.

Mr. JONES. We may appear as a party at interest in these cases before the Board, Mr. Chairman, but the guidelines and the public interest factors and all that govern this case are the responsibility of the Civil Aeronautics Board. In an application of this type, if it were filed, our normal response would be that if a schedule is provided or operating that provides an advantage to the Postal Service we would consider its use.

Mr. DIGGS. May interested persons file a protest in opposition to this kind of situation?

Mr. JONES. The CAB rules of procedure, I believe, allow that.

Mr. DIGGS. Are you aware whether any have been filed?

Mr. JONES. No, I am not aware, sir.

Mr. DIGGS. What are the rates for paying South African?

Mr. JONES. South African Airways is paid at universal postal rates at four postal gold francs for a ton-kilometer of service.

Mr. DIGGS. Are these the same for Pan Am?

Mr. JONES. No; it is paid at the U.S. carrier rate of 32 cents a ton-mile.

Mr. DIGGS. What does this difference constitute? Does it—does the difference in route mean that South African receives more, or less than Pan Am or any other carrier?

Mr. JONES. In the case where we do use a foreign-flag carrier, the rate is higher.

Mr. DIGGS. So we pay more to South African Airways than we do pay to Pan American?

Mr. JONES. Yes.

Mr. DIGGS. Is the payment to South African made in dollars then?

Mr. JONES. The payment is normally made in—the settlement is in postal gold francs, which are then converted to currency, either dollars or South African currency.

Mr. DIGGS. You say that there is no contract that is involved in the situation. Do you mean that there is no written contract, or no bilateral contract?

Mr. JONES. Under titles 39 and 49 of the United States Code, there is no specific contract written as such for the movement of this mail. The provisions of titles 39 and 49 allow the Postmaster General to dispatch mail on schedules that he feels are advantageous to the postal service.

Mr. DIGGS. Isn't there a minimum, a unilateral contract involved before we can offer the mail to South African Airways and pay for it at a fixed rate? It is not just a verbal agreement.

There must be something to back up the statutory authority of the Postmaster General.

Mr. JONES. There is a statutory authority for the Postmaster General to do this, and these are translated into operating regulations, and they apply equally to any and all foreign carriers.

Mr. DIGGS. How are the rates determined, by bids or advertising?

Mr. JONES. The rates that we pay foreign-flag carriers such as South African Airways and British Overseas are determined by the Universal Postal Union.

They are set on a standard basis for the use of all countries when they use the services of another country's carrier.

Mr. DIGGS. Has this service always been on a once-a-week basis?

Mr. JONES. The South African service has been once a week since it was first established.

Mr. DIGGS. Do you have figures about how much South African Airways received in 1970 for carrying mail?

Mr. JONES. The average monthly payment in 1970 was a little over \$1,000.

Mr. DIGGS. How about 1969?

Mr. JONES. 1969 was higher, sir. I have that in the record here. May I check it?

Mr. DIGGS. Why was there a drop?

Mr. JONES. We make a conscious effort to dispatch the maximum amount of traffic to American-flag carriers. In 1969, the positioning of American-flag carriers schedules was such that more mail normally fell to the South African flight on Mondays.

Mr. DIGGS. Could you tell us how much money we have spent with South African Airways in carrying the mail since we have had this arrangement?

Mr. JONES. May I furnish that for the record, sir?

Mr. DIGGS. Certainly.

(The document referred to follows:)

South African Airways commenced operations between New York and Johannesburg on February 23, 1969. Through June 30, 1969, the carrier received mail compensation from the Postal Service of \$14,797.38. For fiscal year 1970, it received \$31,567.00, and for the period July 1, 1970–April 30, 1971, it received \$33,574.60, as mail pay from the Postal Service.

Mr. DIGGS. Have you had any complaints about the service?

Mr. JONES. No, sir; we have had none.

Mr. DIGGS. You had a complaint from me about the use of the service.

Mr. JONES. Yes, sir. I interpreted that in terms of meeting the standards of service as regards to the air carrier.

Mr. DIGGS. When this complaint came in, did you consult with the State Department again?

Mr. JONES. Yes; we did, sir.

Mr. DIGGS. What was their recommendation on the continuation of this arrangement?

Mr. JONES. They left that to us as a discretionary matter at this time, sir, based on what we would feel would be the provision of adequate postal service.

Mr. DIGGS. They made no recommendation. They did not encourage or discourage the continuation?

Mr. JONES. They did not.

Mr. DIGGS. Has the U.S. Civil Rights Commission corresponded with you on this arrangement?

Mr. JONES. I am not aware of any correspondence from them. some?

Mr. JONES. I would answer no, sir. My files have nothing in them of that nature.

Mr. DIGGS. Why do you say if South African Airways no longer had this arrangement with the Post Office, South Africa would withhold dispatch of mail to Pan American?

Mr. JONES. That is a normal presumption. If one administration does not use what we call the advantageous service schedules of another, that they would stop the reciprocal use of our airline.

Mr. DIGGS. Does Pan American carry South African mail?

Mr. JONES. Yes, sir.

Mr. DIGGS. Is this arrangement with the South African Airways, or the South African Government?

Mr. JONES. It is with the South African Government. There is an error in my statement.

Mr. DIGGS. You say this service is used to provide the service a customer might reasonably expect. Did you receive any complaint before you began using South African Airways?

Mr. JONES. I do not have any knowledge of any, sir.

Mr. DIGGS. Since South African Airways is an agency of the South African Government, is there not a direct U.S. business relationship with the South African Government?

Mr. JONES. Yes, sir.

Mr. DIGGS. And it is a profitable one for the South African Government according to your own figures.

Mr. JONES. On the traffic they carry I assume they earn a fair return.

Mr. DIGGS. Well, recalling what our slogan is, as the gentleman from Iowa put it, about encouraging or discouraging, we certainly cannot hope to discourage if our own Government is dealing directly with such an enterprise, and at a profit.

So on that note, I will ask if there are further questions.

Mr. CULVER. Thank you, Mr. Chairman.

Mr. Jones, supposing that after having had your office prepare this statement that Mr. Blount called you into his office and said, which may in fact have been the case:

I understand you are going before this Congressional committee with this matter, and upon reviewing your statement, I read in paragraph 3 where you have suggested saying that if mail were withheld from South African Airways there would be little economic effect on the carrier, but there would be an inconvenience to American citizens who send mail to South Africa.

Suppose, having read that to you, he went on to suggest that he might well anticipate that when you got before those silly Congressmen that one of them might be naive enough to suggest that in spite of these two arguments, that these factors are viewed to be insignificant when measured against the more important and overriding question of the United States moral position in the eyes of the world community on this issue.

Then, what would you say to him about that?

Mr. JONES. Well, in that instance, it would be his position to decide whether or not we would continue to carry it.

Mr. CULVER. Mr. Blount says, "One Congressman is going to say those two factors are insignificant when measured against the other national interest of the United States having put its money where its mouth is concerning this fundamental moral issue, and as a testament of our attitude toward the inhumanity of such a system and our sense of outrage that as a nation we just are not going to be contaminated by them in any way."

Mr. JONES. I would not presume to speak for the Postmaster General, Congressman.

Mr. CULVER. Speak to the naive Congressman who says, "I would like to address yourselves to this additional factor."

You have given us a couple of factors, and here is a third one. Why don't you address yourself to U.S. interest at home, on the American continent? If you read the New York Times this morning, we could stand a little more moral refurbishing in the international community.

What do you think about that argument?

Mr. JONES. I come back to my original statement, Congressman, that I would prefer to maintain open channels of communication and try to convince people of their error by this means, than to shut off the channels of communication and possibly lock away—

Mr. CULVER. We are talking about South African Airways, using, as the chairman says, this governmental vehicle to carry these exciting, new ideas of ventilation into that system.

So now we are just talking about delaying it a day, aren't we, by your own admission?

Mr. JONES. That is correct.

Mr. CULVER. So we are still going to get the hot steam, only it is going to be just a little slowed down. We are not going to be dealing with a governmental thing and letting them profit.

When South African Airways came over here, you know and I know that they ran this thing at a loss, and was subsidized by their government just to get the international prestige of the landing, since it would give them total acceptance in the eyes of the world community to be able to have international acceptance and have normal commerce and intercourse. We are concerned now, as you say, with the fact that it would not have little economic effect with the South African Airways, and it would really be an inconvenience to John Culver when he wants to write the student union.

Blount says to you, "Jones, you have a good job, you slowed those guys down, but one of those guys might throw the third one at you."

I am curious, and I want to resolve in my own mind whether that has enough steam to really overpower the two pins you put up?

Mr. JONES. If we want to give air mail service on the basis of the schedules that are available, we use this dispatch. If we want to slow the dispatch down and not give the mailer value for his postage we will discontinue the dispatch.

Mr. CULVER. Do you think there is value to the U.S. national interest by saying we are not going to do business with that carrier because we don't think it really is compatible with our views in terms of the inhumanity that system represents, so if you want to get the mail to us, we are going to use this other carrier.

My question is, whether the value to our own country is better served by such a showing than by this silly stuff that we keep playing with until we get enough political clout in the country to change that.

Mr. JONES. I don't think I can add much to what you said, Mr. Congressman. I think when there is a question of a technical service and the morale issue—

Mr. CULVER. The technical service wins out every time.

Mr. DIGGS. On that note—

Mr. CULVER. Could I have just one more quick question, Mr. Chairman? What is the practice on the censorship in the mails in South Africa? Do you know what the official government does once you hand carry this letter?

Mr. JONES. No, sir, I do not.

Mr. CULVER. You don't know whether anyone sees it at all?

Mr. JONES. No, sir.

Mr. CULVER. Thank you, Mr. Chairman.

Mr. DIGGS. And any points of classification from counsel?

Mrs. BUTCHER. Is not a statutory authorization for the Postmaster General under title 39 to arrange for the carrying of mail by air transportation dependent upon a finding by him that it is in the public interest?

STATEMENT BY THOMAS E. MEAGHER, JR., ASSISTANT GENERAL COUNSEL, TRANSPORTATION, U.S. POSTAL SERVICE

MR. MEAGHER. My name, Mr. Chairman, is Tom Meagher, and I am assistant counsel for transportation. In response to the question, the provisions of title 39, of course, say what they say, and they constitute the general authority of the Postmaster General to arrange whatever transportation is necessary to get mail to its ultimate destination.

However, when it comes to the use of air transportation, the authorization must come from the board in the form of a permit for a foreign carrier and a route certificate but a certificate to carry mail for a U.S.-wide carrier.

So we have an interplay between titles 39 and 49 as far as air transportation of the mail is concerned.

MRS. BUTCHER. But under the statute, does the Postmaster General make his own findings of public interest before requesting the certification in the foreign air carrier permit?

MR. MEAGHER. In which statute?

MRS. BUTCHER. Title 39.

MR. MEAGHER. In title 39, I don't think there is a public interest requirement. There is a requirement that the Postmaster General determines that the service is necessary to carry out the normal business of the Postal Service. Now, the Postmaster General has not, to my knowledge, ever requested the board to initiate proceedings to issue a foreign air carrier a permit.

These are initiated by the application of the foreign air carrier.

MRS. BUTCHER. Did the Post Office appear in the hearing on the granting of the foreign air carrier permit?

MR. MEAGHER. Not in the last 11 years, no. When you say appeared, you mean actively participate?

MRS. BUTCHER. In answer to a question a few years ago, you said the Post Office Department was an interested person.

MR. JONES. We would receive a copy of the notice.

MRS. BUTCHER. But you do not present views?

MR. JONES. Normally not in a foreign case. We may present a "no objection."

MRS. BUTCHER. You did not present them in this case?

MR. JONES. I am not aware of it if we did.

MRS. BUTCHER. You said that Ethiopian Airlines would be used for ongoing transportation. Would that be paid for by the Postal Union?

MR. JONES. No, the United States would pay for that mail moving to its destination.

MR. DIGGS. Thank you, gentlemen.

MR. JONES. Thank you, Mr. Chairman.

MR. DIGGS. Secretary Scott, we owe you an apology for the delay in our proceedings here. The interruption of the hearing was occasioned by the call to the floor and threw us about a half hour behind. We hope we have not unduly inconvenienced you.

STATEMENT OF HON. HAROLD B. SCOTT, DEPUTY ASSISTANT SECRETARY AND DIRECTOR, BUREAU OF INTERNATIONAL COMMERCE, DEPARTMENT OF COMMERCE

BIOGRAPHY

Harold B. Scott, as Deputy Assistant Secretary of Commerce in the Domestic and International Business area of the U.S. Department of Commerce, directs the business services and trade promotion activities of the Bureau of International Commerce (BIC). Liaison with commercial officers in U.S. embassies and consulates abroad also is under Mr. Scott's direction.

Mr. Scott was named Director of BIC on May 1, 1969, and was appointed to the additional posts of Deputy Assistant Secretary and National Export Expansion Coordinator by Secretary of Commerce Maurice H. Stans on September 15, 1970.

As National Export Expansion Coordinator, Mr. Scott has responsibility for carrying out the Department's work of coordinating policies and activities in the Executive Branch of the Federal Government that involve international trade and investment. Mr. Scott's role in this capacity is closely related to the work of the Cabin Committee on Export Expansion, which is chaired by Secretary Stans and includes the Secretaries of Treasury, Defense, and Agriculture, the President of the Export-Import Bank, and the Administrators of the Agency for International Development and Small Business Administration.

Mr. Scott has had 26 years of experience in all phases of international business. From 1949 to 1952 he was Vice President of foreign subsidiaries of Chas. Pfizer & Co., Inc. In 1953 he founded Harold B. Scott, Inc., an international company based in New York City, and served as the firm's President until he entered Government service.

From 1955 to 1969, Mr. Scott also served as Vice President, Treasurer and Director of Denver Chemical Co. and Parachem Corporation, and as a Director of Houbigant, Inc., and the Syracuse Supply Company.

Mr. Scott was born in Tarrytown, New York, July 11, 1917. In 1939 he received an A.B. degree from Yale University. He also studied at Columbia University.

He is married to the former Mary Rachel Baker of Pittsburgh, Pennsylvania. They have five children.

Mr. SCOTT. No problem, Mr. Chairman.

Mr. DIGGS. You have a prepared statement here which you may handle in any way you wish.

Mr. SCOTT. I am at the pleasure of the committee on that, Mr. Chairman. I believe you all have copies of this statement. It has not changed a great deal from my statement of about a year ago to you.

So I am at your disposition as to whether you want me to go through it or not.

Mr. DIGGS. Well, you are perfectly welcome to go through the statement, or to give a summary of it.

Mr. SCOTT. Then I think with your permission I will read the statement. I would like before beginning, to express my real appreciation to the committee and its staff for giving us such ample notice to prepare for this hearing. If there are any deficiencies in my statement, they are not due to lack of time for preparation. We wish we had more cooperation like this.

As I said, I did appear before you approximately a year ago, and I went over a considerable amount of this material, but I will read from the beginning of the second paragraph.

As I mentioned last year, Mr. Chairman, a shift has occurred in the relative importance to the United States of Africa's three major regions as markets and suppliers—which is illustrated by the first of the accompanying tables. It has been updated by the substitution of figures for 1970.

(The document referred to follows:)

TABLE 1.—U.S. TRADE WITH AFRICA, BY REGION, 1960 AND 1970
[Values in millions of U.S. dollars]

	Exports				Imports				1960-70 percent change in value
	1960		1970		1960		1970		
	Value	Percent share of total	Value	Percent share of total	Value	Percent share of total	Value	Percent share of total	
North Africa.....	114	19	306	20	14	2	62	6	+313
Middle Africa.....	166	28	542	36	334	56	647	59	+394
Southern Africa.....	312	53	664	44	247	42	378	35	+33
Republic of South Africa.....	277	47	563	37	200	34	288	26	+44
Angola.....	11	2	38	3	26	4	68	6	+162
Mozambique.....	10	2	22	1	5	1	18	2	+260
Total, Africa.....	592	100	1,512	100	595	100	1,087	100	+83

Note: North Africa includes Algeria, Libya, Morocco, Tunisia, Spanish Africa, and Equatorial Guinea. Southern Africa includes Angola, Botswana, Lesotho, Malawi, Mozambique, South Africa, Southern Rhodesia, Swaziland, and Zambia. For most purposes Malawi and Zambia are now grouped with Middle Africa, but the nature of the historic data requires their inclusion with Southern Africa in this case.

Sources: U.S. Department of Commerce, Bureau of International Programs, "Trade of the United States with Africa, WTIS, pt. 3, No. 62-9," U.S. Department of Commerce, Bureau of the Census, "Highlights of U.S. Export and Import Trade, FT 980, December 1970.

Mr. SCOTT. On balance, the gain in U.S. trade with north and middle Africa continues to outstrip that with southern Africa, which, nevertheless, still accounts for almost 40 percent of two-way trade between the United States and Africa.

Taking just the Republic of South Africa, our trade balance with that country of nearly \$275 million in 1970 accounted for three-fourths of our total favorable balance of trade vis-a-vis the entire African continent.

As you can see from table 2, the commodity composition of U.S. exports to all regions of Africa is mainly capital goods—especially machinery and transport equipment—and agricultural products, much of which is supplied under Public Law 480 contracts to middle and northern Africa.

(The tables referred to appear below.)

TABLE 2.—U.S. EXPORTS OF SELECTED COMMODITIES TO AFRICA, BY REGION, 1969

[In millions of U.S. dollars]

Commodity description	North Africa	Middle Africa	Southern Africa	All Africa
Cereals.....	49	52	19	120
Crude materials, inedible, except fuel.....	9	11	14	34
Mineral fuels, lubricants, etc.....	2	8	11	21
Oils and fats, animal and vegetable.....	15	8	3	26
Chemicals.....	9	30	53	92
Manufactured goods by chief material.....	35	69	77	181
Machinery and transport equipment.....	147	185	337	669
Agricultural machines and appliances.....	(8)	(21)	(22)	(51)
Construction and mining machinery.....	(28)	(29)	(32)	(89)
Pumps and centrifuges.....	(20)	(11)	(10)	(41)
Road motor vehicles.....	(12)	(27)	(71)	(110)
Civilian aircraft.....	(11)	(14)	(52)	(77)
Miscellaneous manufactured articles.....	14	17	46	77
Scientific apparatus.....	(7)	(6)	(12)	(25)
Other.....	24	26	34	84
Total.....	304	406	594	1,304

Source: U.S. Department of Commerce, Bureau of the Census, U.S. Exports-World Areas, Country, Schedule B Commodity Groupings, and Method of Transportation, report FT 455, 1969 annual, June 1970.

TABLE 3.—U.S. IMPORTS OF SELECTED COMMODITIES FROM AFRICA, BY REGION, 1969

[In millions of U.S. dollars]

Commodity description	North Africa	Middle Africa	Southern Africa	All Africa
Food and live animals.....	3	313	102	418
Fish and shellfish.....		(6)	(22)	(28)
Coffee.....		(187)	(51)	(238)
Cocoa.....	(3)	(89)		(92)
Crude materials, inedible, except fuel.....	4	70	83	157
Rubber.....		(15)	(14)	(29)
Lead ores and concentrates.....			(35)	(35)
Manganese ores.....	(1)	(8)	(1)	(10)
Mineral fuels, lubricants, etc.....	111	43	2	156
Petroleum and petroleum products.....	(110)	(43)	(2)	(155)
Diamonds, excluding industrial.....		28	51	79
Copper and copper alloys, unwrought.....		2	23	25
Other.....	6	102	62	170
Total.....	124	558	323	1,005

Source: U.S. Department of Commerce, Bureau of the Census, U.S. General Imports, World Area, Country, Schedule A Commodity Groupings, and Method of Transportation, Report FT 155, 1969 Annual, June 1970.

Mr. SCOTT. Touching on investment, we have no later regional breakdown of data than 1966, as shown in table 4. On a continentwide basis, U.S. private direct investment is currently rising at a rate of 14 percent a year, and now approaches \$3 billion; almost two-thirds of the total is invested in tropical and north Africa.

(The table referred to appears below.)

TABLE 4.—TOTAL VALUE OF U.S. DIRECT INVESTMENTS IN AFRICA, BY REGION, SELECTED YEARS
(Values in millions of dollars)

Region	1960		1961		1966		1968		1969 ¹	
	Value	Percent share of total	Value	Percent share of total	Value	Percent share of total	Value	Percent share of total	Value	Percent share of total
North Africa.....	137	15.8	259	24.5	596	28.7	(?)	(?)	(?)	(?)
Middle Africa.....	336	38.7	383	36.2	726	34.9	(?)	(?)	(?)	(?)
Eastern Africa.....	(46)	(5.3)	(56)	(5.4)	(84)	(4.0)	(?)	(?)	(?)	(?)
West and Central Africa..	(290)	(33.4)	(327)	(30.8)	(642)	(30.9)	(?)	(?)	(?)	(?)
Southern Africa.....	394	45.4	416	39.3	755	36.3	(?)	(?)	(?)	(?)
Republic of South Africa...	(286)	(33.0)	(309)	(39.2)	(606)	(28.9)	(692)	(25.9)	(755)	(25.4)
Total Africa.....	867	99.9	1,058	100.0	2,077	99.9	2,673	100.0	2,970	100.0

¹ Preliminary.

² Not available.

Source: U.S. Department of Commerce, Office of Business Economics, Survey of Current Business, August 1961, August 1963, September 1967, October 1968, October 1970, and unpublished data.

Mr. SCOTT. In 1969, the latest year of reckoning, Libya pulled ahead of South Africa as the African country having the largest total U.S. direct investment.

Together these two countries account for just over one-half of all such African investment by U.S. firms. It is anticipated that the developing African countries will account for an increasingly large share of the total U.S. investment in Africa during the 1970's.

Let me review with you the Department of Commerce programs of the past year or so and others projected for the future. Last year, I mentioned two survey teams to Africa which the Department of Commerce mounted in an effort to determine how business relations between the United States and the countries of developing Africa could be more effectively promoted, particularly with a view to the longer term.

Partly as a result of the findings of these joint government/business missions, and in line with this Department's increasing interest in Africa, we have stepped up the number of promotional activities devoted to the developing countries of Africa. Perhaps the most ambitious of these projects is the Regional Trade Development Center planned for Lagos by June of next year; to begin by June of next year.

This Department, in fact, intends to establish a number of regional trade development centers, or RTDC's, in developing areas of the world. These offices will engage in specialized trade and investment promotion activities specifically geared to meet the needs of the areas they serve. The one proposed for Lagos would serve as a focal point for business promotion on a west Africa regional basis.

Activities planned to increase the U.S. commercial presence throughout the region include: introduction of new exporters and assistance to established exporters; facilitating commercial contacts for U.S. producers; initiating training courses and technical seminars with a view to developing managerial, sales, and technical skills of Africans; dissemination of sales catalogs, technical information and know-how; provision for the display and demonstration of U.S. products throughout the region.

If this first R.T.D.C. in Africa works out, we envisage establishing others in the continent—provided funds are made available.

Mr. Chairman, I believe that this Department has done more in Africa during the past 12 or 18 months than in any similar period. In addition to the two survey sites and visits in the first half of 1970, we have organized two specialized trade missions featuring agricultural development.

One visited Congo (Kinshasa), Ghana, and Nigeria last fall; the other, Ethiopia, Kenya, and Zambia earlier this spring. And we are participating in the Kinshasa International Fair later this month.

I might add parenthetically that Mr. Conger on my left is accompanying Secretary Hardin on his trip to Africa, which I believe leaves on June 29.

Mr. DIGGS. May I ask who the rest of that delegation will be?

Mr. SCOTT. I do not have the names, Mr. Chairman, but we will be happy to get them for you. I am not sure the delegation is entirely completed at this time.

Mr. DIGGS. Will there be anyone from the legislative branch?

Mr. SCOTT. Yes, there will be. I understand invitations will be extended.

Mr. DIGGS. By whom?

Mr. SCOTT. This trip is under the direction of Secretary Hardin. I am sure Secretary Hardin would be pleased to give you all that information should you desire it.

(The information referred to follows:)

MEMBERS OF SECRETARY HARDIN'S MISSION TO AFRICA, JUNE 29-JULY 11, 1971

Secretary and Mrs. Hardin.

Jim Hardin.

Mr. Edward Gauer, Chairman of the Board, Chief Executive Officer, Genesco, Inc.

Mr. and Mrs. William J. Kubfuss, President, American Farm Bureau Federation.

Mr. and Mrs. Alfred L. Edwards, Deputy Assistant Secretary, Rural Development and Conservation.

Senator and Mrs. Henry Bellmon.

Congressman and Mrs. William C. Wampler.

Congressman and Mrs. Ed Jones.

Mr. Stephen M. Conger, Director, Africa Division, Commerce.

Mr. Birney Stokes, Economic Officer, Economic Policy Staff for Africa, State.

Mr. Samuel Morris, Writer-Editor, Specializing in Agriculture, USIA.

Donald E. Brock, Administrative Assistant to the Secretary.

Quentin West, Administrator, Foreign Economic Development Services.

Richard A. Smith, Deputy Assistant Administrator, Agricultural Attaches.

Donald Looper, Director, Foreign Market Information Division.

Caro E. Luhrs, M.D., Medical Advisor to the Secretary.

Mr. SCOTT. Additional missions in the planning stage include another agricultural development one, to Algeria, Libya, and possibly Morocco; a textile machinery mission to Ghana and Nigeria; and we have met with a representative of the State of Illinois Office of Minority Business Enterprises to help plan a State mission to Africa.

If sufficient funds are available, we hope to do even more promoting of this sort in the future. Let me add, at this point, that these expanded programs do not encompass the minority-governed areas of southern Africa.

Now with the preceding information as background, I should like to focus on southern Africa.

Actually, Mr. Chairman, I believe you and the committee members are familiar with U.S. policy toward doing business in this part of the world. But for the record permit me to give a brief summary of this policy and of how we in the Commerce Department implement it.

It has been a characteristic of U.S. policy not to interfere with normal commercial relations with all foreign countries, except where binding international commitments, national security, or other overriding considerations would dictate otherwise.

Consistent with this traditional U.S. posture, American business has maintained normal trade relations with South Africa in nonstrategic goods.

The only restraint on U.S. trade with that country is in the supply of military equipment, a position taken to avoid providing even a partial means to the South African security forces for the enforcement of apartheid. Our embargo on arms is in accordance with the 1963 United Nations Security Council resolutions. Few, if any, major

countries trading with South Africa enforce the United Nations embargo as strictly as does the United States.

In nonstrategic goods the U.S. Government provides facilitative commercial services to American businessmen dealing with South Africa. These services include a modest publication program aimed at providing coverage of basic economic facts and regulations which now includes the other southern Africa Customs Union members—Botswana, Lesotho, and Swaziland, in its coverage and routine assistance provided by the U.S. Foreign Service in South Africa and by the Department of Commerce and other U.S. Government agencies.

Promotional projects, such as official U.S. Government trade missions or U.S. Government sponsored exhibits in trade fairs, are not contemplated with respect to South Africa.

When it comes to investment, the U.S. Government is rarely involved, for the ultimate decision on whether or not to invest in South Africa rests entirely with the individual private investor. Should businessmen seek Government advice, it is U.S. policy neither to encourage nor discourage private investment in South Africa.

However, that country is classified in schedule C of the U.S. foreign direct investment program, designed to strengthen our international balance-of-payments position by regulating private capital flows. Schedule C is applied essentially to developed countries and is, therefore, the most restrictive of the three schedules designated under the program.

In addition to providing economic facts, U.S. officials point out the various uncertainties in the future political, social, and economic situations due to apartheid. Potential U.S. investors in South Africa are alerted to the investment possibilities in the BLS countries—Botswana, Lesotho, and Swaziland—and encouraged to investigate how these countries might fit into the firm's plans before becoming irrevocably committed to South Africa. In addition, U.S. investors already in South Africa, or opting for a new investment there, are encouraged to adopt the maximum progressive practices possible for their nonwhite labor.

Total U.S. private direct investment in South Africa at the end of 1969 was \$755 million. Although this figure continues to rise, very little new capital outflow from the United States is taking place—only \$6 million in each of the last 2 years for which we have data.

In fact, during these 2 years—1968 and 1969—estimates of repatriated earnings indicate American firms with investments in South Africa are taking out of South Africa nearly 12 times as much as they are transferring to that country in new capital from the United States.

Along the same lines, the United States consistently runs a favorable balance of trade with South Africa—a balance of trade which is exceeded in our commercial relations with only eight other countries of the world, after AID-supported exports have been deducted. In 1970, U.S. exports to South Africa, valued at \$563 million, were nearly double our imports from that country.

Mr. Chairman, as you know, the South African Government has been progressively increasing its control over and extending its apartheid proposals and policies to the disputed territory of South West Africa.

South Africa continues to occupy this former League of Nations mandate in spite of the U.N. resolution of November 2, 1966, which

terminated the mandate. The U.S. Government supported the resolution and has made clear to South Africa that we regard continued South African occupation as illegal.

The U.S. Government commercial policy vis-a-vis South West Africa includes all of the limitations applied to the Republic of South Africa. In addition, the U.S. Government officially discourages investment in the territory by U.S. nationals. U.S. nationals who nevertheless invest there on the basis of rights acquired from South Africa since 1966 will not receive U.S. Government assistance in protecting these investments against claims of a future lawful government of the territory.

Moreover, Export-Import Bank facilities are not made available for trade with South West Africa.

The Department of Commerce takes an active role in implementing the above policy. In the June 8, 1970, issue of our former publication, *International Commerce*, the Department included an article detailing the U.S. Government's commercial policy concerning South West Africa. All relevant Overseas Business Reports published by the Department since promulgation of this policy call attention to it.

Inquiring businessmen and other potential investors who come to the attention of the Department of Commerce or any of its field offices are advised of the U.S. Government's commercial policy. Public notification of the policy appears to have been effective because, so far as we are aware, no new investor has gone into South West Africa since these notices have appeared.

Reliable information is not available on the amount of U.S. trade with or investment in South West Africa due to the fact that neither the United States or South Africa separates this type of information from their overall trade and investment data.

Nevertheless, American direct economic interest in the area is believed to be small. Aside from a few mining operations and prospecting rights, there is virtually no U.S. direct investment in the territory.

U.S. policy toward Angola and Mozambique permits normal commercial relations, except in the case of armaments. Since 1961, the U.S. Government has not authorized the export of arms to or for use in these territories. Commercial facilitative services are available to U.S. businessmen.

U.S. investment in the Portuguese territories, apart from oil exploration and production, is negligible, and total two-way trade with these territories is less than \$150 million annually.

In closing, I would like to digress for a moment from this recitation of established U.S. Government policy in the commercial area. As Americans and as human beings, we are committed to the concept of the dignity of man. As I mentioned earlier, we encourage Americans to do everything they can to improve the lot of their nonwhite employees.

Spokesmen for black groups in South Africa have urged that U.S. subsidiaries not withdraw from South Africa, since such withdrawal would result in loss of jobs for black South Africans and destroy the hope these spokesmen see in the farsighted labor policies with which U.S. industry is generally identified.

The U.S. Government believes that maintaining contacts and channels of communication is an important means of improving the lot of

nonwhite South Africans. U.S. trade and investment can be useful in this area, and we hope that in the years ahead they may be able to play a significant role.

That is the end of my prepared statement, Mr. Chairman.

Mr. DIGGS. Thank you, Mr. Secretary. Without objection, the biography of the witness will be entered into the record just prior to his statement.

Mr. DIGGS. You are accompanied by one of your colleagues?

Mr. SCOTT. Mr. Stephen Conger.

Mr. DIGGS. Does the gentleman have a supplemental statement?

**STATEMENT OF STEPHEN M. CONGER, DIRECTOR, AFRICA
DIVISION, U.S. DEPARTMENT OF COMMERCE**

Mr. CONGER. No supplemental statement, Mr. Chairman.

Mr. DIGGS. From your charts, I note that exports to middle Africa from the United States have more than tripled in the past decade, increasing from about \$166 million to approximately \$542 million, whereas our exports to South Africa account for 53 percent of the total U.S. exports to Africa in 1960.

The percentage share to South Africa, although doubling over the last decade has fallen into 42 percent of our total exports to Africa in 1970. What is the reason for the shift that you stated as occurring in the relative importance of Africa's three major regions for markets and suppliers on page 1 of your statement?

Mr. SCOTT. It would be pleasant to speculate that commercial promotion has been important in this shift, but I think the facts of it are that the business community has slowly responded to the opportunities available to them in middle Africa.

They view it now as a long-term market of very great potential. We, of course, cannot ignore the petroleum opportunities that exist in northern Africa, particularly in Libya. Moreover, I think, speaking as a businessman, that the average corporation has a real concern for the long term political and social stability of the countries in which they operate and there has been a degree of hesitancy to push forward with any major expansion program in South Africa, keeping that more on a holding basis.

Mr. DIGGS. Are you encouraged to believe that these trends will continue and that U.S. trade with the rest of Africa will continue to represent a larger percentage of our trade with Africa?

Mr. SCOTT. I am strongly encouraged to that view personally. I feel that Africa has been to a certain degree rather overlooked by our business community, and as the pressures on us become stronger to improve our export and balance-of-payments position, as the competitive activities of the Europeans and the Japanese increase, we will indeed move to strengthen our share of the market in these areas.

Mr. DIGGS. Does it appear that the significance to American business of our trade to South Africa will continue to decline?

Mr. SCOTT. I think as our markets, particularly in middle Africa, continue to grow, that the focus of attention will be moved there, and as I mentioned earlier, you will have a decline in the relative importance of South Africa.

Mr. DIGGS. What about the gap between our exports and imports with middle Africa?

It appears to be gradually growing smaller, dropping from \$168 million approximately excess of imports in 1960 to \$155 million in 1970.

Does this mean that gradually the balance of payments of trade picture in middle Africa has improved?

Mr. SCOTT. I think this is a rather customary picture in an area of the developing world where there is a particularly heavy investment in infrastructure, particularly capital goods, and after that infrastructure is in place and producing, you might find the reverse flow.

Wherever you have an extensive industry, this becomes a particularly accelerated activity. But there is a strong relationship between investment and export. This is another reason why we are so interested to see that our investment in this part of the world grows as rapidly as possible.

Mr. DIGGS. Your charts also show that imports from Zambia and other black countries in southern Africa have dropped from \$13 to about \$5 million in the 1960 to 1970 period, and that exports in this period dropped from \$16 million to less than a million.

Is that figure correct, approximately?

Mr. SCOTT. I would defer to Mr. Conger on that one, if I could.

Mr. CONGER. Mr. Chairman, this is not in the testimony.

Mr. DIGGS. It is in the chart.

Mr. SCOTT. Could you identify the table number, Mr. Chairman?

Mr. DIGGS. Counsel has it right there.

Mrs. BUTCHER. Table 1.

The 1970 trade totals for Zambia and Malawi are:

[In millions of U.S. dollars]

	U.S. exports (to)	U.S. imports (from)
Zambia.....	30.8	1.9
Malawi.....	5.0	1.9

Note: No comparable 1960 data are available, since separate totals were not gathered for these countries prior to 1966.

Mr. CONGER. I see. I beg your pardon. Yes, the southern Africa, exclusive—let me see. By subtracting the Republic of South Africa from southern Africa, we get our imports from Zambia plus Malawi and Rhodesia. I think the copper—the shift in buying copper—is probably the dominant factor bearing on your question about our imports from Zambia, sir.

Mr. DIGGS. It would appear to indicate that there had been a rather sharp decline in U.S. trade with Zambia and these other countries, the BLS countries.

Mr. CONGER. Botswana, Lesotho, and Swaziland would not be included Mr. Chairman, because they are in with South Africa.

Zambia and Malawi are the main nations involved in this.

Mr. DIGGS. Is there a reason for this decline? It appears to be a decline.

Mr. CONGER. It is in my estimation essentially in copper procurement from Zambia, which has gone to other sources. There is also

the large drop, of course, in trade with Rhodesia, which would have been in this basket, also.

As you know, that is as a result of the embargoes which have virtually terminated our trade relations.

Mr. Diggs. On one of your overseas business reports, specifically OBR 70-81, there is a reference to "Sharp increases in the level of multinational and Export-Import Bank financing of economic development projects."

Specifically, what countries in the southern African area are included in this reference to Export-Import Bank financing?

Mr. Scott. I am not sure we have that data with us, Mr. Chairman. We can provide it for the record.

Mr. Diggs. Would you, please?

(The documents referred to follow :)

SOUTHERN AFRICAN COUNTRIES PARTICIPATING IN "SHARP INCREASES IN THE LEVEL OF MULTINATIONAL AND EXPORT-IMPORT BANK FINANCING * * *"

The full excerpt from page 1 of the "World Trade Outlook for Africa," (OBR 70-81), reads: "Sharp increases in the level of multinational and Export-Import Bank financing of economic development projects, and continuing U.S. aid programs in selected countries, will spur imports of American products in the continent's developing countries."

This excerpt excludes South Africa by definition since South Africa is considered a developed country. Southern Rhodesia is not included in the frame of reference since the phrase "* * * will spur imports of American products * * *" is clearly precluded by the economic sanctions imposed against that country by the U.S.

No other country in southern Africa appears to be experiencing any increase in Export-Import Bank financing, at least insofar as the most current data indicate. Comparative Eximbank authorizations for these countries, in two fiscal years as provided by Eximbank are:

(Fiscal years)

	Millions of U.S. dollars					
	Medium-term guarantees		FCIA insurance		Total authorizations	
	1970	1971 ¹	1970	1971 ¹	1970	1971 ¹
Angola.....	1,454	99	4,674	4,212	6,128	4,311
Botswana.....						
Lesotho.....			58	24	58	24
Mozambique.....	12		1,256	796	1,268	796
Swaziland.....						
Total.....	1,466	99	5,988	5,032	7,454	5,131

¹ Through Apr. 30, 1971.

No direct credits to these countries and territories have been authorized during this period. South West Africa is not included in the table since U.S. Government policy precludes the use of Eximbank facilities in that territory.

Loans totalling \$40 million or more to Botswana, Lesotho, and Swaziland are under consideration by the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

All previously authorized loans for these countries totalled \$20 million. Reports from the World Bank do not indicate that any IBRD or IDA consideration is being given to financing projects in Angola, Mozambique, Rhodesia, South Africa, or South West Africa.

Mr. Diggs. You speak of joint business missions. Have there been any such missions for Angola, Mozambique and so forth for the record?

Mr. CONGER. No, sir; not in the last 10 or 15 years anyway. My memory does not go back further.

Mr. DIGGS. Have there been any trade missions to either one of those, for the record?

Mr. CONGER. No, sir.

Mr. DIGGS. And trade fairs?

Mr. SCOTT. No Department of Commerce participation.

Mr. DIGGS. When were the last ones held in each one of these countries, Angola, Mozambique and South Africa?

Mr. CONGER. I am unaware of any international trade fair in any of them—did you say participation, Mr. Chairman?

Mr. DIGGS. Trade fair participation, trade missions, joint government-business missions.

Mr. CONGER. None to Angola or Mozambique, sir. I have a list of our programs, of our missions and trade fair participations over the last 10 years. The answer is no, there are none.

Mr. DIGGS. You speak of our policies in maintaining normal commercial relations with countries unless national security or other national commitments dictate otherwise. What is meant by "overriding commitments"?

Mr. SCOTT. I would say an overriding commitment would be a restriction such as a U.N. Security Council resolution. Actually, the law as expressed in the Export Administration Act requires us to encourage trade with all countries with whom we have diplomatic relations, except those countries with which such trade has been determined by the President to be against the national interest.

Mr. DIGGS. I noted that with respect to investments you state U.S. Government policy, but with respect to business you state only that business maintains normal relations, and I was wondering specifically if you could tell us what U.S. Government policy is toward trade with South Africa?

Mr. SCOTT. Yes. As I tried to express it, we play no prominent role whatsoever. We have no trade promotional activities and we make no effort to encourage commerce in this area, but should a businessman ask us for economic data with respect to the country, we are prepared to and do supply it. In our overviews of world commerce as a whole we make available basic economic data on South Africa.

Mr. DIGGS. Is that what you mean by maintaining normal trade relations? Be more definitive. One of the problems in connection with all of these statements, pronouncements and whatnot is a lack of definition.

What is "normal trade relations?" What kind of guidelines do you have?

Mr. SCOTT. I can be quite specific in that we feel charged to provide the businessman with basic economic or commercial information on any country which he is interested in. Now, that is what we call normal trade relations.

Beyond that, we undertake promotional activities in selected countries where we believe there is unusual opportunity or we believe it is in the national interest to make—

Mr. DIGGS. Are these guidelines a matter of record someplace so that they can be provided?

Mr. SCOTT. Yes, I think we could quite easily define this in a written statement for you, Mr. Chairman.

(The document referred to follows:)

NORMAL TRADE RELATIONS BETWEEN THE UNITED STATES AND SOUTH AFRICA

The statement that "normal" trade relations (apart from an embargo on military equipment) exist between the United States and South Africa refers to the sale, purchase, or exchange of commodities between private U.S. business firms and South African entities. These activities are normal in the sense that they encompass the essential elements of all international trade, no matter with what country they are conducted.

American firms trading with South Africa are placed under no special restraints which are peculiar to their trade with that country (except as noted above regarding military equipment), although the full range of Export-Import Bank facilities is not available for financing purposes. American businessmen are free to travel in South Africa for business purposes and are free to seek agents and distributors there in accordance with South African law as it applies to all foreign businessmen. American products entering South Africa are given equal treatment with the products of other countries that are not members of the British Commonwealth trading area or the southern African customs union.

South African businessmen may likewise travel freely in the United States in accordance with U.S. alien entry procedures and domestic statutes which apply to all foreign business travelers. South African products entering the United States are accorded most-favored-nation (MFN) treatment consistent with traditional U.S. commitments under the General Agreement on Tariffs and Trade (GATT). South Africa is one of 93 Nations, including 31 developing African countries, applying the GATT to their international trade.

Mr. DIGGS. This is part of what you call normal trade, the promoting you mentioned. Do you promote trade between South Africa and the United States except for arms?

Mr. SCOTT. We do not promote trade. We provide the basic services. That is the difference.

Mr. DIGGS. What do you mean "provide basic services"?

Mr. SCOTT. If a businessman asks us for economic data, the size of the GNP, the rate of growth of the market, any demographic information, we provide that.

Mr. DIGGS. Do you think it is desirable, does the Department of Commerce think it is desirable to trade with South Africa?

Mr. SCOTT. I would have to say that the Department of Commerce feels that it has no position, that this is up to the individual businessman. We in the Department of Commerce feel that it is undesirable for us to engage in U.S. Government-sponsored promotional activities in this particular area. But we feel that we are charged by law to answer the questions businessmen put to us.

Mr. DIGGS. I note from your charts that in the past decade U.S. exports to South Africa more than doubled, rising from approximately \$277 million to \$562 million, and that the imports have shown a 44-percent increase, rising from about \$200 million to \$288 million.

Does Commerce regard as desirable this increased trade with South Africa?

Mr. SCOTT. Mr. Chairman, if I were speaking before a committee that was interested in developing commerce with a country, I would say that our relationship with South Africa is very disadvantageous from their point of view.

We take out of that country some \$300 million a year net, and in most of our discussions with friendlier countries, this is always some-

thing we strive to avoid mentioning. So while trade has increased in volume, at the same time South Africa's adverse trade balance with us has also increased substantially.

Mr. DIGGS. In January, the Johannesburg Chamber of Commerce announced it was going to send a trade mission to the United States from June 9 to June 17. They are here now if that information is correct.

Mr. CONGER. We have not seen them, Mr. Chairman. They have not come to the Department of Commerce, to my knowledge.

Mr. DIGGS. You are unaware of that announcement? They have made no contact with you at all?

Mr. SCOTT. None whatsoever.

Mr. CONGER. We are aware of the announcement in the paper.

Mr. DIGGS. And you have not heard from them? Here they come to the United States and no contact, you have never heard of them?

Mr. SCOTT. No. I would suspect that they would anticipate that we would not have too much to offer them.

Mr. DIGGS. Within the guidelines of your policy of not encouraging or discouraging the undesirable, I don't see why they would feel that way. Diplomatic missions have contact with our State Department. Why won't a trade mission have contact with the Department of Commerce?

Mr. SCOTT. I would say that our policy as described earlier to you applied to U.S. business people, but I feel under no constraint to render any assistance to South African businessmen.

Mr. DIGGS. You say you have not heard from them officially. Have you heard from them unofficially?

Mr. SCOTT. Mr. Conger evidently read the announcement in the paper. I had no knowledge they were in the country.

(The announcement referred to follows:)

PROPOSED JOHANNESBURG CHAMBER OF COMMERCE TRADE MISSION TO THE
UNITED STATES

(Information later supplied.)

The Department of Commerce has been advised that the proposed visit to the United States of a Johannesburg Chamber of Commerce trade mission, originally scheduled for June 1971, was canceled several months ago.

South African entities have had exhibits at the State Fair of Texas at Dallas for the past three years and are scheduled to appear again at the 1971 event, from October 9-24.

There are more than 300 trade fairs and expositions per year in Chicago, but the last exposition titled the "Chicago Trade Fair" was held in 1963.

It would be virtually impossible to determine which of the 300 Chicago events included South African participation during any given year. It is known, however, that South Africa did participate in the National Machine Tool Show held in Chicago from September 20 to October 2, 1970. In that particular event, South Africa was one of fifty-five foreign countries showing.

Mr. DIGGS. Suppose they contact you; what would you do?

Mr. SCOTT. Substantively nothing. With respect to the courtesy of receiving them, I would.

Mr. DIGGS. I am not a member of the U.S. Department of Commerce, but I understand the South Africans plan on having exhibit space in Dallas and the Chicago Trade Fair. Do you know about that?

Mr. CONGER. I don't know, Mr. Chairman.

Mr. DIGGS. You don't know whether they are being sponsored by the local chamber of commerce in Dallas or Chicago?

Mr. SCOTT. You are telling us news that we have not even heard before. There is really relatively little contact in the commercial area between the two countries. Government to Government, I am speaking about.

Mr. DIGGS. If South African businessmen wish to trade in the United States or invest here, what assistance does the Department provide?

Mr. SCOTT. None.

Mr. DIGGS. None at all? What do you say to them? They come and say, "We want to invest, or we want to trade." You just don't say anything? You refer them to the South African Embassy?

Mr. SCOTT. I have had no experience of that nature.

Mr. DIGGS. Suppose you did?

Mr. SCOTT. I would refer them to their Embassy.

Mr. DIGGS. Suppose they referred them back to you? Then what would you do?

Mr. SCOTT. I would say we had very little to offer them other than our publications, which are available for purchase. Our job is to expand exports. One of my titles is "export expansion coordinator." I have no responsibilities with respect to encouraging imports. However, if they come here to buy, we try to put them in touch with American suppliers. We consider this, first and foremost, as a service to the American exporter.

Mr. DIGGS. What about your commercial attachés? Do you have commercial attachés in South Africa in the Embassies?

Mr. SCOTT. We have a very close working relationship with them. They are, of course, maintained by the State Department.

Mr. DIGGS. What kind of assistance would they provide to the South African businessman?

Mr. SCOTT. I would have to defer to the State Department for a definite answer, but I would suspect the same as I have described to you as far as the Commerce Department is concerned.

Mr. CONGER. The only contacts are routine, Mr. Chairman, and there is no real assistance rendered, except insofar as it may occur as a consequence of helping American businessmen find buyers for American products.

Mr. DIGGS. There must be some justification for the commercial attachés to be there.

Mr. CONGER. The justification is to provide the facilitative services for the American firms and to provide the information to the Department of Commerce for our facilitative publications, et cetera.

Mr. SCOTT. I would say, also, Mr. Chairman, that many businessmen are deeply concerned at having a business in South Africa, what should be their future course, and these commercial attachés can be very helpful in pointing out the attitudes we have discussed. I would be reluctant to see them withdrawn, because they are the on-the-spot contact with the business community that needs the answers to these questions.

Mr. DIGGS. I yield to the gentleman from Pennsylvania, Mr. Whalley.

Mr. WHALLEY. Thank you, Mr. Chairman. Thank you, Mr. Scott.

I am very, very interested to hear you state this. I was checking over your statement, and I am very much impressed with the first page, on which you say that on balance, U.S. trade in north and middle Africa continues to outstrip that with southern Africa. This is what a lot of people have been saying, what a tremendous potential Nigeria and Kenya and all the other countries have.

The fact that South Africa apparently got the jump and seemed to be the big trader, but now the other countries are apparently coming into their own.

On page 2 under investment, you say that on a continentwide basis, U.S. private direct investment is currently rising at the rate of 14 percent a year, and now approaches \$3 billion, and almost two-thirds of the total is invested in tropical and north Africa.

This is just the opposite of what some of us have been reading, that everything seemed to be in South Africa for such a long period of time.

On page 6 you say that in addition to providing economic facts, U.S. officials point out the various uncertainties in the future political, social, and economic situations due to apartheid. Potential U.S. investors are alert to the investment possibilities in the BLS countries, and are encouraged to investigate how these countries might fit into the firm's plan before becoming irrevocably committed to South Africa.

This sounds as if the rest of the continent is really coming into their own, too.

Now, based upon what you know now as pretty much hindsight, what do you predict in the foreseeable future with respect to trade with central and northern Africa as compared to South Africa, the fact that they apparently are gaining so much faster in the other parts ?

Can you see, say 5 or 10 years from now, what the trade might be? Is that where we will be trading principally?

Mr. SCOTT. Crystal gazing is a dangerous game at best. I see no reason for the present trend to taper off, particularly should the extractive promise of middle and north Africa continue to show the same promise as it does now.

I would say that the outlook in Nigeria and Kenya is outstanding, and I would say the outlook in Algeria and to a lesser degree in Morocco is outstanding. Therefore, if I were to be responsive to your request for a forecast regardless of risk, I would say that there is where the future action is, and that our position in South Africa will not show such comparable growth.

Mr. WHALLEY. I happened to be in Zambia not too long ago. It is the second or third largest producer of copper. I wish I had brought the Zambia paper back, because the headline said that they need the Rhodesian railroad, and that the railroad needs Zambia.

Then it does not make any difference how you feel toward each other, because the railroad needed the copper business, and Zambia needed the imports and exports. They were talking about Red China producing a railroad, but it would not be available for 3 or 4 years. It seems to me it would not take too much encouragement for those two countries to get together to continue to use the railroad.

I don't know what is going to happen. On page 9, there is another very interesting statement. It says that spokesmen for black groups in South Africa have urged that U.S. subsidiaries not withdraw from South Africa since that withdrawal would result in loss of jobs for black Africans, and so forth.

I think that is a very encouraging sign, because we have had witnesses here that say that the only thing that they are interested in is for U.S. industry to withdraw from South Africa. Your statement is just the opposite.

Mr. SCOTT. If I might just—

Mr. WHALLEY. Who makes this statement that spokesmen for black groups want U.S. industry to stay—are they responsible people?

Mr. SCOTT. I think speaking in general terms, U.S. business overseas is always at the forefront in terms of labor policy. We are always pulling the developing countries, particularly, into a higher plateau and this applies perhaps even more sharply to South Africa, a subject over which people's consciences are closer to the surface.

So we hear this comment with considerable frequency, that it would be counterproductive to just close down and move away, and this is not just an isolated company which thinks this way, but several companies who have anguished over the subject and who have tried to think it through.

Mr. WHALLEY. How often do you go to north and central Africa?

Mr. SCOTT. Personally, or with the Department?

Mr. WHALLEY. You personally?

Mr. SCOTT. I have not been as a government official. I have been there privately in the past. In the Department, we have very frequent visits, because this is one of the promising areas of the world.

We are opening this regional trade development center in Lagos. We hope to open a second one in Africa as soon as we have money, and we consider these promising activities.

Mr. WHALLEY. A personal visit is the best way to learn, isn't it?

Mr. SCOTT. Unquestionably, and I regret I am nailed to the desk more than I would like to be in my job.

Mr. WHALLEY. They say Nigeria has the most potential, but Kenya amazes me.

Mr. SCOTT. Our secretary, as you know, made a visit out to Kenya in December. He puts the opportunities here very strongly.

We consider these two countries and others in middle Africa important. We are participating in the Kinshasa Fair in the Congo, and we are encouraging American investment going into the area. The countries in middle Africa are receiving all the attention we can give them, and the overwhelming preponderance of our African resources is devoted to the developing countries.

Mr. WHALLEY. There were possibly 150 or so outstanding American businesses in Kenya. I think we could send a delegation to Kenya and learn something that we could bring back home about capital cities, because it was tremendously impressive with brand new buildings.

Mr. SCOTT. If I may say, one of our major tasks is to teach these emerging countries the importance of foreign capital, not necessarily U.S. capital, but the need for capital to develop their economies and

take every possible step that they not develop antagonism toward foreign capital that we see in the other parts of the world.

These antagonisms are the only deterrent to their development.

Mr. WHALLEY. Is there any reason why the modern hotels go to Kenya and Madagascar and so forth, but not to South Africa?

South Africa seems to need first-class hotels.

Mr. SCOTT. I think it is part of the uncertainties. Tourism is a very expensive infrastructure. It is difficult to get started in terms of financing. These people will put their investment where they see the long-term stability.

They have not the certainty to put it in South Africa.

Mr. WHALLEY. Your report is encouraging. Thank you very much.

Mr. DIGGS. Before yielding, could I get into a question here? A September 4, 1970, edition of a South African finance paper credits all the information in that issue to the American Commerce Newsletter published quarterly by the American Consul General.

The paper goes on to say, "This newsletter was available free of charge to any South African businessman who requested to be included on the mailing list and upon application to any branch of the American consulate."

What is the rationale for issuing such a newsletter when the official U.S. line is neither to encourage nor discourage?

Mr. SCOTT. I will have to defer on that, Mr. Chairman. Many of these consuls do indeed publish newsletters. I won't want to anticipate the reasoning on this until I have had an opportunity to investigate.

Mr. DIGGS. Could you provide for us copies of the recent issues of these newsletters?

Mr. SCOTT. I would be happy to and the reasoning that went into its publication.

(The documents referred to follow:)

REASON FOR THE PUBLICATION OF A COMMERCIAL NEWSLETTER BY THE AMERICAN CONSULATE GENERAL IN JOHANNESBURG

Copies of recent issues of the Commercial Newsletter issued quarterly by the American Consulate General Johannesburg have been provided to the Subcommittee. The Commercial Newsletter assists American businessmen in the export field by publicising information concerning new products of U.S. manufacturers, U.S. research developments, and U.S. commercial exhibitions at home and abroad. It is a routine USG commercial facility issued by Foreign Service posts in about 50 countries and aids these posts in answering the numerous inquiries about U.S. business that emanate from within the host countries.

(A copy of a concurrent issue of the Commercial Newsletter may be found on p. 553 of the appendix.)

Mr. DIGGS. I yield to the gentleman from Iowa.

Mr. CULVER. Thank you, Mr. Chairman. Mr. Scott, I was interested in your general statement in response to Mr. Whalley that the U.S. overseas investors are always pulling developing countries to a higher plateau and leading the way.

Do you think that was the way the Rockefeller visit to Latin America was interpreted, or the Andean groups policies in Latin America?

Mr. SCOTT. I have to call on my personal experience. I have been in business in Latin America for 25 years, and in general, and in most

specifics, the labor practices of U.S. companies in this part of the world have always been ahead of those of local companies.

Mr. CULVER. How hard a pull do you think U.S. overseas investors have applied in a progressive spirit when it comes to minimum wage and tax reform and land reform?

You know, I always enjoy talking to overseas investors when they come here before the committee, and they say: That is an internal matter, we never get involved in internal matters, we never get in the politics. We just go there, you know, in this great pursuit endeavor to bring the world a higher standard of living with this widgeit of ours.

We had one fellow say: No more than we would here in this country get involved in politics, the minimum wage, or tax reform, or any of those other things. They are pure politics and pure government.

Now, I just must say I have to swallow a little hard when we suggest that our overseas presence has been characterized by: I wonder what we can do to the good old host country today, and their catapulting into the 20th century, to improve living conditions and so forth.

Now take Latin America. How do you think Germany and Japan and some of the other countries are doing with the enthusiasm which they are pulling them to higher plateaus with respect to joint ownership?

What position do you see in Latin America today to be constructively responsive to the Andean group overtures concerning new formulas for American investment activity that is more compatible with long-term goals of the countries?

Are you really overwhelmed to the extent they are rushing toward with a renewed spirit to bring people into the 20th century?

Mr. SCOTT. No, I would qualify my statement to limit it only to labor relations. I think we can be proud, relatively, of our labor relations attitudes worldwide.

I don't pretend to believe that any American company is altruistic, so altruistic as to urge tax reform on his host country.

Mr. CULVER. Or a minimum wage increase—

Mr. SCOTT. But I would say, to try to get my arms around the very large question you asked, abroad, just as here, it is a changing world, and if I can use my personal experience I feel that I am here in government because of the very great need overseas where the business and government interests come together, that no longer can American business plow its own furrow. It has to be compatible with our Government objective overseas, too.

Mr. CULVER. What struck me is that this bashfulness is getting involved in host countries politics. There was not that kind of reticence in saying we don't need a minimum wage law this year, and so forth.

You can't have it both ways. It is this kind of hypocrisy, you know, of the most nauseous kind, to say we are always in there on the progressive side of these problems, and if anybody pushes you, you say that is politics, and to imply we are not in there on the negative side.

We talk to lobbyists every day of the year, and we happen to know something about them. I think the presumption should not be that we have our heads in the sand, even if some people down in the bureaucracies pump that nonsense out.

Mr. SCOTT. I did not mean to nauseate you, or pump out hypocrisy, but it is a matter of relativity. We have to live with our competitors in these countries.

Mr. CULVER. And we are finding it increasingly difficult to do because of our inflexibility in dealing with the changing world. We are being hauled in, kicking and screaming a lot harder than some of our competitors.

You can look at the degree of enlightenment evidenced by some of the other international investors in the market area and at least that is the way it looks to me from talking to people. That is from being on the ground, too.

There is Mr. Whalley's statement that he had to look awfully hard for a Hilton Hotel in South Africa. I think that is the nicest thing we have said about them all day, if that is the symbol of progress.

I was interested in following up Mr. Whalley's statement to you about spokesmen for black Africans in South Africa. This is again on page nine.

Who are these spokesmen? We had the representatives of Polaroid Corp. in here. When Mr. Whalley raised the question were they "responsible," one of the interesting points was that any critics, native critics of this regime, you know, are in jail.

Those who have advocated a more militant approach to the resolution of the racial agony in that country are in detention.

It was interesting to me that the Polaroid group did not have the opportunity to speak to one of these persons.

When you talk about spokesmen for black Africa in these countries, who were in jail and detention, and yet every one of the activists, everyone that has the courage of his convictions in terms of participating in an uncomfortable way in the life of that society is incarcerated.

So I was curious who the "spokesmen" for black groups are. Is it "Uncle Tom" black groups? Who are the black groups?

Mr. SCOTT. I could give you one or two specific examples. One South African group is the association for the Educational and Cultural Advancement of the African Peoples which sent representatives to our Consulate General in Johannesburg on a private basis to express this hope.

I think there was a television program on the Advocate series here in Washington which discussed with a black South African the pros and cons of U.S. withdrawals.

Mr. CULVER. There are pros and cons. You have made the other arguments. But the point is that you are also insensitive to the realization that this spokesman for black groups in Africa can give you an entirely different conclusion, aren't you?

Mr. SCOTT. Of course.

Mr. CULVER. Most of them are in jail.

Mr. SCOTT. I have no argument with your point, Mr. Culver.

Mr. CULVER. All right. What about the argument, then, of these groups that you did not have a chance to hear from, and Polaroid did not, either, that their concern about the level and continuation of American investment in South Africa presents a problem in that when the revolution comes, and given the nature of the regime, it is unlikely that it won't be bloody, but when the revolution comes, that their interest is a very realistic one.

Their interest is to see the U.S. level of private capital, investment capital, there not so great or so significant that it is likely to bring the United States of America in on the wrong side, as they see it, of that holocaust.

Therefore, they argue that it will be in the best long range interests of the United States, if the long range interest of South Africa is defined as bringing about majority rule, is to have American presence not as great as it is today in terms of its economic presence.

What do you think about that?

Mr. SCOTT. I would suggest that the figures pretty well speak for themselves. The fact that there has been little in the way of net capital outflows from the United States to South Africa—or only \$6 million for 1968 and 1969—a year which is negligible, speaks for the fact that American investment is very uncomfortable today in South Africa, and any businessman knows from our experience elsewhere in the world that the days of calling out the Marines are over.

Mr. CULVER. We learned that in Vietnam that it required a little more than a few gunboats.

Mr. SCOTT. I had reference to the expropriation activities in developing countries.

Mr. DIGGS. You are familiar with the black African guerrilla nationalistic arguments. I don't see any awareness of it here, or any suggestion that you are sensitive to that line of reasoning.

Mr. SCOTT. I was really trying to present what our balanced judgment is, and given the circumstances, what our best attitudes at the present time should be.

Mr. CULVER. I love the names of these groups. You ought to see the names of the ones we think up in politics. We can have three or four members, and set them up like hot cakes, Republicans for "Joe Blow," and environmentalists for whatever.

What about on page 6 where, in your last sentence, in the second paragraph, you say:

In addition, U.S. investors in South Africa already, are opting for a new investment there, are encouraged to adopt the maximum progressive practices possible for their nonwhite laborers.

Would you please tell the subcommittee what specific steps you take by way of encouragement?

Mr. SCOTT. I think this is pretty much judgment.

Mr. CULVER. Here I am. I am the Culver Corp. I come in today and I say:

This is my idea, and we are going to go into South Africa, and I can't wait to get into there. I think it is going to be terrific, and we are going to help the third world.

You say here that as an operative policy of the Commerce Department, you encourage people like the Culver Corp. to adopt the maximum progressive policy, and so on.

I say they have the deal called the Bantu Act, they have the deal that I can't put in a black foreman, and I can't pay him more than this vis-a-vis a white employee.

I say, "This is a funny way to run a business. I never operated that way in Iowa."

I say, "Mr. Scott, what do you do when I go over there? You say you encourage them as a matter of Commerce policy. What are your guidelines for the Culver Corp.?"

Mr. SCOTT. The first and most obvious is to outline the laws as they exist in this area and point out that if they establish a subsidiary in South Africa, they are inevitably subject to those laws.

There is nothing you nor I can do to keep those laws from being applied.

Second, we would point out to them that our relationship with this country is commercially extraordinarily passive, and that they could really count on no major assistance from the U.S. Government in terms of their day-to-day problems.

Third, we would point out the opportunities in Botswana, Lesotho, and Swaziland that are available to them and, fourth, we would say, "If, under all these circumstances you still are committed to this investment we would urge that you have a deep awareness of the difficulties under which the blacks are employed, and to the maximum degree that the law would allow you that you should operate to prove their dignity and your relationship as employer and employee."

Mr. CULVER. You say, "encourage them to adopt the maximum progressive practices possible," and then you say, "you have to abide by the law."

Would you give me a specific illustration of what particular step you in the Commerce Department say, based on your experience with investment in South Africa that you can do and still stay on and do business there?

What kind of flexibility? What kind of leverage here are you pointing out to them? What kind of thing are you suggesting that they do to encourage and implement progressive practices for their nonwhite labor?

What exactly are you telling them to do other than abide by the law?

Mr. SCOTT. It is a conceptual area.

Mr. CULVER. You are very specific. You say U.S. investors already in South Africa can and are encouraged to promote the maximum—name one.

Mr. SCOTT. Training on higher job levels.

Mr. CULVER. What specifically would be involved to permit that kind of progressive program?

Mr. SCOTT. You could as part of your investment there create an employee training program that would enhance their skills from the very minimal to the point that they could occupy certain skilled positions in your plant and work for higher wage levels. I would call that a very specific contribution.

Mr. CULVER. You don't have, Mr. Scott, in short, any specific program to implement what you say you do here by way of steps and suggestions based upon examination of the existing law under the South African Bantu Act. What do you, with your counsel over at the State Department, have in the way of specific suggestions?

You don't have any?

Mr. SCOTT. For the simple reason—

Mr. CULVER. Other than the pep talk you mentioned.

Mr. SCOTT. The majority of us in these positions are not businessmen, and we can only urge the generalities on them, because we don't have the specific background.

Mr. CULVER. We sure got a specific background on other things. Polaroid has gone over this and come up with more than you have. They came back with specific steps that they are going to try to implement by way of a progressive program to try to maximize the practices that they think again might improve the nonwhite labor force.

Mr. SCOTT. This would be straining our competence to match that type of activity.

Mr. CULVER. To match sending five men over there?

Mr. SCOTT. Yes, because those people would have to have deep business experience.

Mr. CULVER. The U.S. Commerce Department can't find a fellow like that?

Mr. SCOTT. One, two, or three, but we don't conceive that as our role.

Mr. CULVER. I have no further questions, Mr. Chairman.

Thank you.

Mr. DIGGS. Mr. Nix?

Mr. NIX. Thank you, Mr. Chairman. Mr. Scott, I apologize for not being present when your statement was placed in the record. A moment ago, you mentioned training for higher job levels as one of the measures you would take or suggest.

What you really meant was that that would be done provided it was consistent with the laws of that country, correct?

Mr. SCOTT. Yes, I would say that one of the major problems we have, not just in South Africa, but in virtually all countries is that of our constant pushing on the host country concepts in excess of their law. We must be sensitive to our position as visitors, and with that understanding, the answer is yes. However, firms would be encouraged to go as far as the outer reaches of the law.

Mr. NIX. They, too, are sensitive about their sovereignty, and you have a conflict there.

Mr. SCOTT. Precisely.

Mr. NIX. You go as far as you can, you go as far as you think is in the best interests of the investors in that particular country. Is that correct?

Mr. SCOTT. That is the thrust of the point I have been trying to make.

Mr. NIX. When the investors in this country see fit to invest in a foreign country, there are certain considerations that they must find before they invest. One is the type of government, the stability of the government.

Another is the economy of that particular country. Another is the security of the investment. The object of the investment is to realize a profit.

Now, I remember in one of our meetings some years ago a question came up as to the investment of Firestone in one part of Africa and I was impressed by the fact that it took so many years then for that company to establish hospitals, schools and many other training facilities in that country, and I understand that practice has been adopted by a great many companies from many other countries.

However, I would assume that a great number of questions have been put about South Africa, and I will read the record and get the answers.

You say a shift has occurred in the United States with respect to Africa's three major regions as markets and suppliers.

I take it that there has been a dramatic increase of investment, U.S. private investment, in certain sections of Africa.

You have, I suppose, testified as to that.

Mr. SCOTT. Yes.

Mr. Nix. Are you satisfied with respect to the size of those investments?

Mr. Scott. You put me in an awkward position, because for balance-of-payments reasons there are U.S. regulations limiting the amount of U.S. source funds which may be used for foreign direct investment. It is our objective to abolish these regulations as soon as our balance-of-payments position permits, but as I said earlier the amounts you are now allowed to invest vary depending upon the degree of development.

These limits are most restrictive in South Africa, and least restrictive in middle Africa and I believe most of north Africa.

I personally am a great believer in the value of investment as compared with trade. I think that with investment goes all our technological skills and all our management skills, our systems engineering that is so unique to our U.S. society.

So I would have to answer your question by saying no, I am not satisfied. I think business has been too slow to accept the opportunities available in this part of the world, but I think there is a marked pickup and I am much more optimistic for the future.

Mr. Nix. It could be said that it is inevitable that there will be a shift in investment to Africa in the coming years. Would you say that?

I will put it to you this way: First of all, Africa is relatively virgin territory, and if we need anything in the United States of America, we need new markets.

I would think that considering the type of business people we have, that we will have a shift.

I am referring to the Latin American countries, and Africa as opposed to Europe and Asia.

Mr. Scott. We in Commerce are often accused of being oversold on African opportunities because it looks to us as though Africa has very promising possibilities for U.S. business.

In the European sector our investment may be nearly complete. In the Latin American sector, we have so many problems before us, that I think we will proceed rather cautiously, and in Southeast Asia, I don't think the opportunities for investment other than in extractives, are as enticing as they are in Africa.

So by elimination, I end up in complete agreement with your statement.

Mr. Nix. I visited Mexico a few days ago on the Interparliamentary Group of Mexico and the United States. I was visiting the country with the United States delegation, and have been since its inception in 1960.

We have not attained the progressive stance that was anticipated. There are many road blocks, and as I understand it that is true of other Latin American countries, only more so.

There is one thing I found, though, in 1960 when we first visited and had our conferences, the hostility was so thick you could cut it with a knife. In the years that intervened, there has been a very sincere friendship and understanding and trust and fair play that is the most dramatic change I have ever seen in my life.

I would hope that we would have similar organization with the new states of Africa.

Is there such a proposal?

Mr. SCOTT. Yes, and it adds up to two points which we touched on earlier. One, I think we as a government, working with business, have to constantly keep working against the threat of economic nationalism, which would slow up the development of this promising part of the world, and maybe because I have been in Mexico in business for 20 years and have had a very happy relationship there, I come back to this point of job training and upgrading to the point where all the people in my company are all Mexican now, every last soul.

I would hope that by following this same route in Africa and by teaching them our managerial and technical skills, that is when the happy relationship really matures.

Mr. DIGGS. If the gentleman would yield at that point, I would like to commend the gentleman for concurring in an idea which I submitted to the State Department several months ago, and that is to establish a United States-African Parliamentary Conference.

I am still awaiting the unraveling of what they consider to be very complex problems, despite the fact that we have parliamentary union with every other section of the world.

Complications as described by State, or not described, just alluded to by State, are still under study.

Mr. CULVER. Maybe it is the problem Congress faces; not enough staff.

Mr. SCOTT. No, we have staff.

Mr. CULVER. Competent staff, who can actually implement what you say you do in a specific way.

Mr. SCOTT. Maybe we believe too much in the open market system, and we believe that business faced with the responsibility will accept it rather than having government do it for them.

I think that is the only difference between you and me.

Mr. CULVER. All I ask you to do is what you say you do; to encourage them to take all the maximum progressive practices possible. If Polaroid can do that, half of which are employees and half management, we ought to take a good look at your travel boys that bounce in and out of there.

Mr. SCOTT. We have no disagreement on that, Congressman, none whatsoever.

Mr. NIX. One last thing, Mr. Scott.

I have always thought that—and this has been confirmed by some of the people I have talked with—that when you are exploring the possibilities of going into a new financial adventure in any given African state, it is extremely important in your conferences with the officials of that country to find what skills are needed in that particular country?

Mr. SCOTT. Yes.

Mr. NIX. I mention that because so many people say to me, "I want to go to Africa" and I have spoken to Africans about these people coming, and they agree, "Certainly, you may come, you are absolutely welcome as a visitor, but unless you are able to bring some particular skill that is needed in this country, you are welcome only as a paying visitor."

Mr. SCOTT. Absolutely. In conceiving these regional trade development centers, we see them perhaps having to pay for themselves in terms of trade to justify the appropriation, but in the exchange of knowledge we see them as much more important focal points for

seminars, technical discussions, and even fairly routine training sessions on how to operate advanced American equipment. We also want to stress the word "regional" in the title. The people staffing these centers will move around and will be able to cover more territory than just one country.

Mr. Nix. Thank you, Mr. Chairman.

Mr. Scott. Thank you.

Mr. Diggs. Mr. Secretary, let me cite a few examples of your own publications as to why your department represents such a credibility gap in terms of stated policy and implementation of it or the lack of it.

The tone of the Overseas Business Reports published by your Department and on trade with South Africa, or southern Africa, appears to be one of actual advocacy of U.S. trade with South Africa rather than the posture that you have stated here today.

I call your attention, for example, to OBR 7081, the "World Trade Outlook for Africa," which begins its report on South Africa as follows:

"Sales of U.S. products to South Africa are exceeding the most optimistic forecasts for 1970. This trend is expected to continue until 1971."

It goes on to point out the attractive sales policies for U.S. exports in South Africa. OBR, 1971, 04, the Market Factors in South Africa, advises prospective businessmen; "The key to success appears to be more personal contact," and that "competition for the lucrative market is keen."

This was aimed at U.S. exports. It is particularly objectionable, because it adopts the color separation of South Africa. There is a table in the booklet on expenditure patterns of various racial groups, illustrating the low wages of Africans as opposed to other groups.

Has the department considered any revision of these pamphlets or have they really taken a look at these pamphlets in terms of their pronouncements about encouraging or discouraging?

Mr. Scott. I think your point is well taken, Mr. Chairman. We have an enthusiasm for export that pervades our organization and I think these publications should be strictly factual.

Mr. Diggs. Let me cite another one, "International Market and Information Services," entitled "Best U.S. Prospects in South Africa."

It is again aimed at U.S. exports. It declares, "U.S. exports should be able to capture much of their larger import market of South Africa to expand their sales to South Africa over a broad range of commodities."

This kind of glowing description of the South African market seems to offset our stated policies.

We talk about maintaining normal trade and commercial relations and nonmilitary production in South Africa without including the statement on our own policies of either encouraging or discouraging, and the hypocrisy of our position is further exemplified in the statement in the March 1968 Cambridge publication, OBR, as follows:

Although the United States has on a number of occasions expressed its disapproval of the South African Government's policy of racial separation, the two countries have normally maintained normal relations.

This publication advises prospective businessmen on all aspects of selling in South Africa, including the road to sales, import requirements, ports for storage, commercial practices, consumer financing,

business hours, advertising; and it goes on to advise that firms submitting bids to South Africa in response to trade opportunities published in the Department of Commerce "International Commerce" which contains specific trade leads for U.S. exporters might wish to notify the American Counsel General in Johannesburg of this intent to bid.

Mr. SCOTT. Your points are well taken. Our policy is to be strictly factual. I think some of the points you are making I would defend, but I think that the basic idea you make is one of giving encouragement and high optimism is not appropriate for our official policy.

Mr. DIGGS. How does Commerce explain its detailed advice to U.S. firms on seeking contracts with the South African Government on government procurement, OBR 6812, "selling in the Republic of South Africa"?

If you admit that all of these things are inconsistent the question is what are we doing about it? Why don't we stop this hypocrisy of saying that we are discouraging it when throughout our own publications we are going in the opposite direction?

Mr. SCOTT. We have certain obligations as we conceive them. If people want to come in and want to make a bid on a project, then in South Africa, as part of our facilitative service activity, we have an obligation to describe how that should be done. Sometimes these requests are so frequent that we put them in publications, but in terms of trying to promote the sales, we exceed our official policy.

Mr. DIGGS. Secretary Newsom said in a Chicago speech emphasizing our new policy of considering licensing of a limited number of small unarmed executive type aircraft. What is meant by "small"?

Mr. SCOTT. This was the subject of a very protracted review within Government. It revolved around a group of executive jet aircraft and some rather small twin engine piston aircraft for executive transport use. It is very hard to conceive of using a small executive jet in any military capacity.

I think the interesting aspect of this controversy was that after months of research and very heated discussions between the proposed sellers (American companies) and the U.S. Government, the firms were informed that part of these transactions could be licensed, provided they are clearly nonmilitary products.

The fact of the matter is that although we took this position nearly a year ago, no orders have been forthcoming.

Mr. DIGGS. There have been no applications or inquiries by interested U.S. aircraft companies?

Mr. SCOTT. None other than those that were the point at issue when we advised the firms that planes which were clearly nonmilitary could be licensed. Planes which are clearly suitable for internal security operations would be denied.

Those licenses were not issued. But—excuse me. Let me clarify my previous statement. We encouraged the companies concerned to seek orders for executive-type aircraft on the assumption that the necessary export license would be issued.

No orders have materialized to date.

Mr. DIGGS. There have been no applications, no inquiries, no expression of interest on the part of any of these?

Mr. SCOTT. No more, since we settled the question of what type of aircraft could or could not be sold.

Mr. DIGGS. Is there anything to stop the South African military from arming these planes as they buy them?

Mr. SCOTT. It would be awfully hard to use a Lear jet or a Jet Star at a low altitude for any military purpose.

Mr. DIGGS. Have you issued any licenses for executive aircraft to the South African military?

Mr. SCOTT. The answer is no, but to complete the record, it should be noted that these aircraft were, generally speaking, for Government use, and the Government was quite forthcoming and explained that it was their policy as it is ours, to have their air force operate these planes. Accordingly, we had to make a determination whether they were in effect truly executive aircraft or had a military convertibility feature.

Mr. DIGGS. Do these applications, licenses, did they come through the South African Department of Defense, or—

Mr. SCOTT. No. The pressure was from the potential U.S. supplier. He was pressing us for an answer: could he, or could he not make the sale to the South African Defense Force?

Mr. DIGGS. Are there any restrictions on the sales of potential military equipment production by U.S.-controlled firms in South Africa or to the South African or Portuguese Governments?

Mr. SCOTT. You mean firms producing within those territories?

Mr. DIGGS. U.S.-controlled firms in South Africa.

Mr. SCOTT. Those firms would be subject to a local law, on which there would be no restrictions.

Mr. DIGGS. So there are no restrictions?

Mr. SCOTT. That is correct, as far as the Department of Commerce is concerned. They would possibly be subject to Treasury Department control.

Mr. DIGGS. What kind of control?

Mr. SCOTT. If subject to Treasury regulations, they would have to come to the U.S. Government for a license to complete the transaction.

Mr. DIGGS. In coming to the U.S. Government, what are these restrictions?

Mr. SCOTT. Presumably whether the articles in question had military application.

Mr. DIGGS. How about to the Rhodesian Government?

Mr. SCOTT. There are no restrictions except possibly under the Treasury Department's Rhodesian transactions regulations.

Mr. DIGGS. How was this possible that Kaiser Jeeps made in South Africa were sold to the Portuguese Government?

Mr. SCOTT. There are no restraints on such sales.

They would be subject solely to local law. I don't know the details of this Kaiser transaction, but even there it is hard to believe there were no U.S. components involved. I would be happy to get the full details.

Mr. DIGGS. We would like that for the record, Kaiser Jeeps made in South Africa were sold to the Portuguese Government. If that can be done, then obviously U.S.-controlled companies in South Africa can get around this kind of restriction.

(The document referred to follows:)

SUPPLY OF MILITARY JEEPS TO THE PORTUGUESE ARMY BY KAISER JEEP
AFRICA (PTY) LTD.

Commerce Department files indicate that, as of August 15, 1969, Kaiser Jeep Africa (Pty) Ltd. was purchased from the U.S. parent company and is now completely South African owned.

Information available to the Commerce Department indicates that Kaiser Jeep Africa has sold jeeps to the Portuguese Army in Mozambique for several years. The jeeps were declared by the company to be its C J-5 commercial model, not built to military specifications. Under U.S. export control regulations, commercial-type jeeps may be exported and/or reexported to free world destinations (Country Groups T and V) under the provisions of General License G-DEST. South Africa, Portugal, Angola, and Mozambique are included in Country Group V. Accordingly, such sales to these destinations involving U.S.-origin jeeps or foreign-origin jeeps using U.S.-origin components are not restricted under U.S. export control regulations.

Mr. SCOTT. There have to be no U.S. components before they are outside the reach of our law.

Mr. DIGGS. Where are the licenses published which relate to the sale of U.S. goods to countries in southern Africa?

Mr. SCOTT. They are published in a daily list of Export Licenses approved and Reexports Authorized.

Mr. DIGGS. Do all sales of items designed for the South African military have to receive validated licenses?

Mr. SCOTT. Yes, in the case of military equipment.

Mr. DIGGS. Where are the licensing records kept, and are they open to inspection?

Mr. SCOTT. The licensing records are kept in the Office of Export Control. Under section 7(c) of the Export Administration Act of 1969, we are not permitted to disclose the information contained in the licensing records.

Mr. DIGGS. On page 5 of your statement, you talked about a modest publication program. Exactly what publications give information to businessmen on South Africa?

Mr. SCOTT. I think you have alluded to most of them in your questioning already, but we will be happy to give you a complete list.

Mr. CONGER. You have almost all of them, Mr. Chairman, but I can elaborate.

Mr. DIGGS. Could you submit the rest of them for the record?

Mr. SCOTT. Of course, sir.

(The documents referred to follow:)

THE COMMERCE DEPARTMENT'S PUBLICATION PROGRAM FOR THE REPUBLIC OF
SOUTH AFRICA

Although the size of the Commerce Department's publication program in a country is usually in direct proportion to the size of the market and the extent of U.S. sales, and South Africa is the largest market for and largest purchaser of U.S. goods in Africa, the magnitude of the program for South Africa is notably less than programs for other African countries. *Country Market Surveys*, in-depth studies of the nature and scope of the market for U.S. products, have been prepared for the major African markets of Nigeria, Libya, Ghana, Ivory Coast, and East Africa; however, South Africa has been excluded. Although special feature articles emphasizing the general attractiveness of Nigeria, East Africa, and other African markets have been published in *Commerce Today*, and its predecessor, *International Commerce*, none has been written for South Africa. A number of African regional publications have excluded South Africa—i.e., "Government Procurement Practices in Selected African Countries," OBR 66-65, "Useful Market Surveys and Industry Reports Issued by the United Nations Ec-

onomic Commission for Africa (ECA)," OBR 67-81, Supplement No. 1, OBR 69-46, and Supplement No. 2, OBR 70-6.

The publications for South Africa are the routine series of *Overseas Business Reports*, the semiannual trade outlook articles, the *Country Market Digest*, all prepared in the Commerce Department; the semiannual *Economic Trends Reports* and an annual trade outlook article, prepared by U.S. Foreign Service posts in South Africa; and the *Trade Lists* of business firms in South Africa, prepared by the Commerce Department from information supplied by the Foreign Service. All of these reports and articles, which are prepared for the major markets of the world, constitute an important part of the Department of Commerce service functions and thereby preclude the need for individually tailored replies to numerous inquiries.

Mr. DIGGS. Why do you call it a modest program?

It seems extensive to me.

Mr. SCOTT. In terms of our export activities with respect to other countries, it is minimal.

Mr. DIGGS. How does it differ from publications for other African countries?

Mr. SCOTT. I would be happy to provide that precisely for you.

Mr. DIGGS. Wouldn't you say that it is larger than any other African country, or most of them?

Mr. SCOTT. I would not be able to answer that.

Mr. CONGER. It is the equivalent size of many of them, and it reflects, I think, Mr. Chairman, the large clientele that we have. We have a large informational need to supply reflecting questions that come up regarding the market in South Africa. The publications program is in large part a facilitative service need. In other words, it avoids the custom tailored letter to any inquiries we receive.

Mr. DIGGS. You stated that routine assistance is provided by the U.S. Foreign Service in South Africa. How many commercial attachés are stationed in South Africa, and in what posts?

Mr. CONGER. There is no commercial attachés as such, Mr. Chairman. The Economic Commercial Officer at Johannesburg is the senior U.S. official in South Africa specializing in commercial matters and he has an assistant.

Those are the only two full-time commercial officers.

Mr. DIGGS. Are there none in Pretoria?

Mr. CONGER. They are primarily economic officers.

Mr. DIGGS. Forgetting the designation, they perform the same task of providing facilitative services, to use your expression?

Mr. CONGER. Perhaps the economic officer spends more of his time on commercial policy matters such as GATT problems, including the current GATT issue that we have vis-a-vis South Africa.

Mr. DIGGS. What about in Cape Town?

Mr. CONGER. There is one Economic Commercial Officer who does some work of interest to Commerce. That is certainly true insofar as identifying trade opportunities.

Mr. DIGGS. Do you have commercial attachés in other African countries?

Mr. CONGER. Yes; quite a few.

The title "Commercial attaché" is used by our embassies in Nigeria, Kenya, the Ivory Coast, Congo (Kinshasa), and Liberia?

Mr. DIGGS. Could you provide that for the record?

Mr. CONGER. Yes.

(The document referred to follows:)

JUNE 22, 1971.

U.S. COMMERCIAL ATTACHES AND COMMERCIAL OFFICERS IN AFRICA

Algeria/Algiers—Commercial Officer.

Congo/Kinshasa—Commercial Attache, Commercial Officer.

Ethiopia/Addis Ababa—Commercial Attache.

Ghana/Accra—Commercial Officer.

Ivory Coast/Abidjan—Commercial Attache.

Kenya/Nairobi—Commercial Attache.

Liberia/Monrovia—Commercial Attache.

Morocco/Casablanca—Supervisory Commercial Officer.

Nigeria/Lagos—Commercial Attache, Commercial Officer.

South Africa/Johannesburg—Supervisory Commercial Officer, Commercial Officer.

Commercial work in the other African countries is performed by economic or political/economic officers—except for Rhodesia, where there is no U.S. Government representative.

Mr. DIGGS. Can you tell us what the commercial attachés do?

Mr. SCOTT. Their normal function, setting aside South Africa, is to do everything in their power to assist U.S. business locally. Whether that is the collection of information, whether that is the suggestion of agents or distributors, or co-venturers whether that be the first of major capital projects in the planning stage and in which U.S. companies might participate, whether that is to help them settle any differences, contractual or substantive, that might exist between the U.S. business and the Government, or the local nationals, they are in effect the men on the spot who are to render all possible assistance to U.S. business.

Mr. DIGGS. You provide them with some kind of guidelines, I presume. You exercise some control over the information that they dispense?

Mr. SCOTT. Yes; we do indeed, although the final authority on that is the U.S. Ambassador.

Mr. DIGGS. So the State Department does exercise some control over this matter?

Mr. SCOTT. I would have to say they exercise the principal control, because they are employed by the State Department.

Mr. CULVER. Mr. Chairman?

Mr. DIGGS. I yield to the gentleman.

Mr. CULVER. Just a quick question. Would this man be able, if you sent him a cable tonight and asked him if he had the expertise necessary, to give us the specific steps that you might suggest here at the Commerce Department in terms of encouraging and adopting maximum progressive practices possible for nonwhite labor? Do you think that would be the fellow we are looking for?

Mr. SCOTT. No. He is a Foreign Service Officer. The great majority of them have had no business experience. He is a Foreign Service Officer employed by the State Department.

Mr. CULVER. I don't want to test your bureaucratic information too heavily—

Mr. SCOTT. This is the maximum test.

Mr. CULVER (continuing). But do you have one fellow that you would have some legitimate reason to call upon, who is being paid by the hard earned taxpayer to know something about the South African business community? To whom you could say:

Look, we had this congressional committee that all of a sudden asked me to implement what I actually said we are doing, and we don't know at the Commerce Department here in Washington what we can do to tell these new fellows or the fellows already in there what maximum efforts are being taken for non-white labor there are.

Do you think you can get me some one over there to do that?

Mr. SCOTT. From the business community?

Mr. CULVER. No, one of our governmental employes.

Mr. SCOTT. It would be hard to find such a man, Mr. Chairman.

Mr. CULVER. Mr. Chairman, I hope the committee members are hearing this, that there is no one in the Department of Commerce today, or our elaborate field offices abroad, who can, who has the requisite experience and expertise for more than you say you are already doing, and that is to advise U.S. investors in South Africa opting for a new investment there, what specific steps you say you have in mind when you say you encourage them to adopt the maximum progressive practices probably for their nonwhite labor force relationship to existing laws governing employment.

You do have one fellow in your department that can do what you tell this committee you are already doing in your department?

Mr. SCOTT. First I plead guilty to the first charge that we do not have that expertise within the Commerce Department—

Mr. CULVER. Then you obviously are not providing the counseling service.

Mr. SCOTT (continuing). To the level of competence that would satisfy me. I would then defend my statement that in terms of generalities we encourage businessmen to explore within their own expertise what they can do and within their level of competence.

Mr. CULVER. Addressing myself again to your high standards, do you think generalities suffice, as far as you are concerned, with respect to the advice you are giving on how to adopt the maximum advantages possible for the nonwhite labor force?

Mr. SCOTT. I am very unsatisfied with that state of affairs. But that is far from specific to South Africa. We have a critical lack of business expertise in government in the State Department and Commerce.

Mr. CULVER. I am sorry, Mr. Chairman, to talk so long. But have you read the Polaroid proposal?

Mr. SCOTT. I have read a summary of it.

Mr. CULVER. Did you have a top staff man who has read it?

Mr. SCOTT. I think Mr. Conger has read it in its entirety.

Mr. CULVER. You don't think you can give anybody in your Department the realistic assignment to put teeth in what you say you are doing? A third-year law student who is on a law review, any place in this country, I hope, could be given that assignment to go over there and to spend 1 week talking about it to all the businessmen, top business people, talking to people in this country, reviewing the statutory authorities, and could at least come forward with some suggestions that he could then bounce off selected experts, who can be called in at a hundred bucks a day.

We see your authorization request for your appropriations to run your Department. You run guys over there on a monthly basis who don't bring anything back but souvenirs.

Bring the kid over there with instructions and when he gets off the plane, debrief him. It is just ludicrous to sit here and try to tell me that we don't have a businessman who has right here in his craw this nonsense that you say you are doing by regular policy.

You are not doing it, because there is not enough interest and concern, and you try to come up here and pass off this pap.

Mr. SCOTT. With respect, I disagree.

Mr. DIGGS. There was a recent meeting in South Africa sponsored by the American Management Association. Did our commercial attachés attend that meeting?

Mr. CONGER. No, sir.

Mr. SCOTT. I doubt any Commerce representatives were there.

Mr. CONGER. I am told this meeting was not held.

Mr. DIGGS. Are you aware of the speech made by Mr. Blankenheimer, the Commercial Attaché in Johannesburg, where he spoke in his personal capacity, depreciating the new African countries and spoke in glowing terms about the varied economic opportunities of South Africa?

Mr. CONGER. Yes, Mr. Chairman.

Mr. DIGGS. Was that speech cleared by the Embassy?

Mr. CONGER. I believe it was cleared by the Consul General in Johannesburg, sir, and I also believe that Mr. Blankenheimer did receive a letter of apology from the paper, apologizing for misquoting his views on the new African countries.

Mr. DIGGS. Do you have a copy of that speech?

Mr. CONGER. I don't, but I can get it for you.

Mr. DIGGS. Would you get it?

Mr. CONGER. Certainly.

Mr. DIGGS. And provide it for the record.

Mr. CONGER. Yes.

(The document referred to appears in the appendix, p. 578.)

Mr. DIGGS. You stated that trade missions are not contemplated for South Africa. Does this mean they are within the administration's policy guidelines for South Africa, and Angola, and Mozambique?

Mr. SCOTT. Is the question could we if we wanted to, send one?

Mr. DIGGS. The promotional efforts.

Mr. SCOTT. They are within our purview, yes.

Mr. DIGGS. You stated when it comes to the investment that the United States is rarely informed.

Mr. SCOTT. Rarely "informed?" "Involved," I believe it was. But it could be we would not be informed. There is no requirement that they consult or register or anything of that nature.

Mr. DIGGS. What conditions are there on the repatriation for profits with respect to South Africa?

Mr. SCOTT. So far as I know, none.

Mr. DIGGS. Angola, and Mozambique—

Mr. SCOTT. I have no personal experience in Mozambique.

Mr. CONGER. As far as U.S. policy with respect to repatriation of profits, there are none, Mr. Chairman.

Mr. DIGGS. No conditions at all?

Mr. CONGER. No.

Mr. SCOTT. As regards the repatriation of profits abroad earned by American firms in the Portuguese Territories. There may be in case of

Portugal itself which would apply to the territories. I will look that up.

Mr. Diggs. I would appreciate it.
(The document referred to follows:)

PORTUGUESE PROFIT REPATRIATION REGULATIONS APPLYING TO OVERSEAS
TERRITORIES

In accordance with Portugal's Decree Law 46-312 of April 28, 1965, transfers, dividends, and other profits from foreign capital applied in the Portuguese territories, as well as repayment of foreign credits and loans, shall always be authorized, provided that: (1) such capital has been legally imported, and (2) proof is given that such transfers are in effect due (Art. 13). Temporary suspension of authorizations relative to repatriation of capital and transfer of earnings is provided for in the OECD Code for Liberalization of Capital Movements in the event of serious disequilibrium in the Portuguese balance of payments or if such payments give rise to a grave disturbance in Portugal's economy. When a suspension is decreed, the Council of Ministers is empowered to fix the fraction of the capital or earnings to be periodically transferred. This fraction may never be less than 20% of the total transfers to be made. In light of Portugal's long-standing balance of payments equilibrium and strong monetary reserves position, we are not aware that authorizations for repatriation of capital or transfer of earnings have ever been suspended.

Profit repatriation information by individual U.S. firms in Angola and Mozambique is collected by the Department of Commerce. The information, which is collected pursuant to the Bretton Woods Agreements Act, Executive Order 11033, as amended, and implementing regulations, is used in the preparation of aggregate statistics so that the United States Government may comply with official requests from the International Monetary Fund for balance-of-payments information. Section 8 (c) of the Bretton Woods Agreements Act makes it unlawful to disclose information under the Act, and provides for a criminal penalty, upon conviction, of a fine of not more than \$5,000 or imprisonment for not more than 5 years, or both. The only exception to this blanket prohibition against disclosure of information so collected, is disclosure "in the course of official duty." The disclosure of information to a Congressional Subcommittee, cannot be considered to be disclosure "in the course of official duty" within the context of the Act. There are too few American firms operating in these areas to maintain, through disclosure of the totals, the confidentiality of any individual firm's report. Consequently, we are unable to provide profit repatriation data with respect to Angola and Mozambique.

Mr. Diggs. Do you have information on goods produced by the United States or its firms in South Africa?

Mr. Scott. That is a very difficult question. Not for South Africa specifically. We have been trying to develop those statistics generally. It would involve going to each company concerned and asking for them.

Mr. Diggs. Would you have any difficulty in getting it from these companies?

Mr. Scott. No; other than their usual griping about filling out forms. We would be happy to try.

(The information referred to follows:)

U.S. IMPORTS OF PRODUCTS PRODUCED BY U.S. FIRMS IN SOUTH AFRICA

The U.S. import statistics are compiled by the Bureau of the Census solely on the basis of commodity and country of origin. These import statistics do not differentiate between goods produced by U.S.-controlled firms in a specific foreign country and good produced by any other manufacturer.

Product information on American firms operating in South Africa is contained in the *Trade List* "American Firms, Affiliates, and Subsidiaries in South Africa."

Mr. Diggs. That would be a good job for the third year law student. I yield to the gentleman from Pennsylvania.

Mr. NIX. On this third year law student, even if the third year law student went over and spent 3 months, made his investigation touching upon conditions under which native African labor, worked and the returns they receive, this would not in any way deter business investors in this country from going in there if they were assured of a profit would it?

Mr. SCOTT. No. I think, Mr. Nix, that the prime consideration today in making an investment, particularly in the capital conditions that we have now, is continuity of profit and the long term growth.

Mr. NIX. Assuming that for the present.

Mr. SCOTT. Then the decision would be positive, yes.

Mr. NIX. So the only alternative would be to encourage our business people to, despite conditions, to pursue their profitable ways, to make every effort to better the conditions. That is the course you have taken.

Mr. SCOTT. Yes, and coming back to Mr. Culver's point, I don't really mean to make the art of management as esoteric as it might have sounded. I think there is a great deal of judgment involved and for example, it takes practice to learn that the law says and the degree to which it is enforced, and businessmen the world over learn this, "here is what the books say, but many of us do it this way."

Mr. CULVER. It is like any law review article on antitrust and—

Mr. SCOTT. Those are the things that it is hard for youngsters without experience to do, and the other difficulty is living with the local business community.

Mr. CULVER. You have me almost convinced, Mr. Scott, that you just can't get there from here. I just did not appreciate the burdens your office has.

Mr. SCOTT. No, we have no burdens. We are a service-oriented group, and you are pushing us into the area of—

Mr. CULVER. I am only pushing you into that what you say you are doing on page 6, and you are awfully reluctant to do it.

Mr. SCOTT. We are very quick with generalities, and very slow with specifics.

Mr. DIGGS. A few more specifics about some of these publications.

On page 2 of the Commerce publication "Africa, a Growth Market for U.S. Business," Commerce points out to prospective investors that there are more advantages to operating in South Africa as a subsidiary than as a foreign country. Your publication, "Economic Trends and Their Implications for the Union of South Africa", points out on page 18 that South Africa has actively encouraged foreign investment.

Nothing is said about the U.S. policy of neutrality toward such investment.

Again, OBR-70-45 "Market Profiles for Africa", gives a low profile on foreign trade and foreign investment in South Africa. It points out that the existence of double taxation agreement is an advantage for investors, but says nothing on the U.S. policy.

OBR 68012, "Selling in the Republic of South Africa", referred to earlier states on page 4 that U.S. firms have found it advantageous to operate their own sales offices in South Africa.

OBR 70-50, "Establishing a Business in South Africa," states that U.S. policy goes on to provide lengthy details concerning governing American investment in South Africa, the availability of capital there, the ranges of the double taxation agreement.

You got protests from Congressman Reid and other Congressmen for such promotional activities.

Are there any plans to alter these kinds of policies to try to conform with our stated policy of neutrality?

Mr. SCOTT. Yes. I think we have a clear need to be more factual in our promotion.

Mr. DIGGS. How many of the publications of Commerce seriously point out the uncertainties in the South African picture because of the political-social situation and make it clear that even the uncertainties in the economic situation have a basis in the apartheid policies?

Mr. SCOTT. I am looking at the one in front of us on Southwest Africa.

Mr. DIGGS. I will get to that OBR-70-50, there is contained very good advice to U.S. business on promoting progressive policies, good wage policy, pensions, disability insurance, sick plans, liability and educational counseling services, vocational training.

Does Commerce have suggestions on how the U.S. Government can take steps toward getting these progressive labor policies overseas?

Mr. SCOTT. We limit our advice to American companies. No; we have no mandate on that.

Mr. DIGGS. Do you think U.S. firms should be advised about the merits of engaging in collective bargaining?

Mr. SCOTT. I don't believe we in Commerce have ever been involved in the labor area. I expect that is more a labor prerogative.

Mr. DIGGS. Do you encourage American employers to pay equal wages to Africans, or equalize the wage structure, or anything of that nature?

Mr. CONGER. Yes; this is in our counseling. This is part of the general approach that we take to upgrade the skills and the jobs of the African and other nonwhite labor.

Mr. DIGGS. Do you have any publication of U.S. guidelines for U.S. business in southern Africa?

Mr. SCOTT. This has been a much discussed subject, not just for Africa, but elsewhere, and we decided it is all negative. We have no right to give businessmen inferential instructions as to their behavior.

Mr. DIGGS. I did not say instructions. I said guidelines, which is different. This notion has been rejected.

Mr. SCOTT. Not for South Africa, specifically. We have often discussed it with respect to Latin America and ended up negative.

Mr. CULVER. Are you doing anything with regard to Commerce Department counseling, and advising these business groups like the Council for Latin America does so that through your own free enterprise initiative to come up with some sort of enlightened response?

Mr. SCOTT. Oh, yes; there is an enormous thrust in this area.

Mr. CULVER. Do you have any statements of any kind where you suggested by way of any public statement that this would be helpful?

Mr. SCOTT. I am sure I could find such.

(The statement referred to follows:)

COMMERCE DEPARTMENT ENCOURAGEMENT TO U.S. FIRMS IN SOUTH AFRICA TO PURSUE ENLIGHTENED LABOR PRACTICES

During the past five years or so, all public statements by Commerce Department officials concerning any aspect of U.S. commercial relations with South Africa have been made in either *International Commerce* magazine (now *Commerce Today*) or one of the various *Overseas Business Reports*. With the exception of one OBR, articles which deal with South Africa are trade oriented. Only in the "Establishing a Business" OBR does the Department of Commerce deal with the operations of a U.S.-controlled firm in South Africa.

In the "Establishing a Business," OBR 70-50, of September 1970, page 14, the Department of Commerce publically recommends that American firms adopt "progressive labor practices for all South African employees . . ." and then proceeds to recommend several possibilities.

In addition, in the current trade outlook article, which was written more than a month ago and is scheduled to appear in the July issue of *Commerce Today*, the Department of Commerce again recommends that U.S. firms operating in South Africa adopt progressive labor practices for its non-white employees.

A major portion of the Department's contact with the business community is on an individual basis. It is part of the Commerce Department's established program for South Africa to advise inquiring businessmen of the political, social and economic uncertainties arising from the apartheid policies of that country. When businessmen seek the U.S. Government's advice on operating a business in South Africa, they are encouraged in general terms to adopt the maximum progressive practices possible for their non-white personnel—e.g., to provide training, advancement, health benefits, retirement programs, and other fringe benefits equivalent to those given white personnel. As I indicated during the course of my appearance before the Subcommittee, the Commerce Department does not have the facilities to work out a specific program for each individual U.S. company contemplating an investment in South Africa or any other country.

Mr. Diggs. What about reinvested earnings in South Africa by U.S.-owned companies? Does that change the picture that you presented here today about—

Mr. Scott. The high return includes retained earnings in South Africa. Were I there, I would make sure that everything I made I got out as fast as possible.

Only \$6 million of new investment (net capital transfers) came from the United States. You would have to speculate as to whether they went to European markets for capital.

Given our attitudes here toward investment, it could have happened and we would have had no knowledge of it.

Mr. Diggs. How is the picture changed by using borrowed moneys abroad by U.S. companies for investment in South Africa?

Mr. Scott. That is the point I make. We would have no records.

Mr. Diggs. You would have no records or information?

Mr. Scott. None whatsoever.

Mr. Diggs. What about new issues of U.S. securities abroad?

How is the picture changed by that?

Mr. Scott. With respect to South Africa? Nothing at the levels we are talking about.

Mr. Diggs. You would have no estimate as to a different picture in taking these matters into account about new issues of U.S. securities or borrowed money or reinvested earnings, no estimate as to how this may change this picture?

Mr. Scott. There are certainly no new capital issues floated in the past 2 years, and I am in ignorance as to whether there has been debt financing in the European financial markets.

Mr. Diggs. You stated that our U.S. balance of trade surplus is exceeded by only eight other countries. How does the balance-of-trade picture appear when these deductions you mention are not made?

Mr. Scott. We normally, in preparing these figures, pick up only the commercial transactions.

Mr. Conger. We can supply a list without the deductions.

Mr. Diggs. Please supply those.

(The document referred to follows:)

COUNTRIES WITH WHICH THE UNITED STATES HAS FAVORABLE TRADE BALANCES GREATER THAN THAT WITH SOUTH AFRICA

[In millions of U.S. dollars]

	1970 U.S. exports to	U.S. imports from	Trade balance
Netherlands.....	1,651.0	527.8	1,123.2
France.....	1,484.3	942.1	542.2
Belgium/Luxembourg.....	1,195.0	696.3	498.7
Mexico.....	1,703.7	1,222.4	481.3
Israel.....	593.9	149.6	444.3
Australia.....	985.4	611.0	374.4
Spain.....	712.5	353.2	359.3
South Vietnam ¹	352.2	1.1	351.1
United Kingdom.....	2,536.8	2,195.8	341.0
India ¹	573.2	298.1	275.1
South Africa.....	562.7	288.0	274.7

¹ Exports include agricultural commodities shipped under Public Law 480: South Vietnam \$120,000,000; India \$199,000,000.

Source: U.S. Department of Commerce, Bureau of the Census. Highlights of U.S. Export and Import Trade, FT 990, December 1970.

Mr. Diggs. May we have your appraisal of the effect of local content policies of the South African Government which in the auto industry, for example, requires that 65 percent of each automobile be of local origin?

Mr. Scorr. Of course, the purpose of that requirement is to minimize imports and to maximize local production. That is an effort toward more employment and more integration of the industry locally.

If you accept the premise that these people should keep going in South Africa in order to provide employment, these regulations, while being uneconomic for the companies concerned, work to the advantage of the local economy, and obviously stimulate employment.

Mr. Diggs. Do you have a breakdown of U.S. investment in South Africa by company?

Mr. Scorr. I suspect we would, and I suspect we would have great difficulty in making it public in any way.

Mr. Diggs. In providing the committee with that information?

Mr. Scorr. I would have to check with counsel. The companies are very sensitive on this point.

Mr. Diggs. Would you check that? I would like to know.

Mr. Scorr. We would be happy to, and if there are no restraints, we will give you whatever figures we have.

(The information follows:)

LEGAL RESTRAINTS ON PROVIDING INVESTMENT DATA ON AMERICAN FIRMS OPERATING IN SOUTH AFRICA

Investment information by individual U.S. firms in South Africa is collected by the Department of Commerce. The information, which is collected pursuant to the Bretton Woods Agreements Act, Executive Order 11033, as amended, and implementing regulations, is used in the preparation of aggregate statistics so that the United States Government may comply with official requests from the International Monetary Fund for balance-of-payments information. Section 8(c) of the Bretton Woods Agreements Act makes it unlawful to disclose information under the Act, and provides for a criminal penalty, upon conviction, of a fine of not more than \$5,000 or imprisonment for not more than 5 years, or both. The only exception to this blanket prohibition against disclosure of information so collected, is disclosure "in the course of official duty." The disclosure of information to a Congressional Subcommittee, of course, cannot be considered to be disclosure "in the course of official duty" within the context of the Act. Accordingly,

because of the restrictions under which investment information on individual U.S. firms in South Africa is collected, we are unable to provide the information requested.

Mr. DIGGS. You say U.S. policy vis-a-vis Namibia contains all the limitations applicable to South Africa. What are they?

Mr. SCOTT. All-plus. In the case of Namibia, we do absolutely nothing to facilitate trade there. I don't think we even provide information, do we?

Mr. CONGER. No Export-Import Bank facilities are available, for example, and investment is discouraged. There are no other facilitative services whatsoever.

Mr. SCOTT. No economic data, no tax data. It is their problem. We are not involved.

Mr. DIGGS. If a U.S. national such as Amax opens up a new mining plant, is he as a new investor not entitled to protection?

Mr. SCOTT. We have so informed him.

Mr. DIGGS. Would not this general policy be more meaningful if we were to advise U.S. business that we would not protect them or make representations on their behalf vis-a-vis the present South African Government on this for—

Mr. SCOTT. Could I have the question one more time?

Mr. DIGGS. Would not this general policy be more clear if we would advise U.S. business we would not protect them or make representations on their behalf vis-a-vis the present South African Government for illegally administering Namibia?

Mr. SCOTT. I think all investors have received such statements referring to the protection we would withhold vis-a-vis a future lawful government of Namibia. We would be delinquent were an investor to go there without that information. I think it has appeared in our publications.

Mr. DIGGS. What about Gulf Oil? Should we not in such a situation advise U.S. business in the event of an attack by these liberation forces that we will not protect or make representations in their behalf?

Mr. SCOTT. In that area, yes, sir.

Mr. DIGGS. Are the companies already in Namibia increasing their investment?

Mr. SCOTT. So far as we know, there has been no new investment in the area but there may be firms already there that are adding to their existing assets.

Mr. DIGGS. Do U.S. companies have leases for oil exploration, for example?

Mr. CONGER. Yes, sir.

Mr. DIGGS. And in South Africa?

Mr. CONGER. Yes, there are some.

Mr. DIGGS. What is the size of U.S. investment in Namibia?

Mr. CONGER. It has been very roughly estimated at about \$45 million.

Mr. DIGGS. Can you identify these companies that we have in Namibia?

Mr. CONGER. Yes, we can supply that.

Mr. DIGGS. And who the parents are?

Mr. CONGER. Yes.

We will supply that.

(The document referred to follows:)

U.S. FIRMS IN SOUTH WEST AFRICA WITH CORRESPONDING U.S. PARENT

A. Affiliates of American firms headquartered in South West Africa :

Affiliates: Tsumeb Corporation U.S. Interests:	
Ltd.	American Metal Climax, Inc., New-
Getty Minerals S.W.A. (Pty) Ltd.	mont Mining.
Tidal Diamonds S.W.A. (Pty)	Getty Oil.
Ltd.	Getty Oil.

B. U.S. companies issued licenses to prospect in South West Africa : U.S. Steel ; Bethlehem Steel ; Standard Oil ; Texaco ; Nord Mining.

C. List of American companies represented by offices in South West Africa : Burroughs Machines, Ltd. ; Canada Dry ; Firestone (S.A.) Pty., Ltd. ; Gallon (Pty) ; General Tire and Rubber (S.A.), Ltd. ; National Cash Register S.A. (Pty), Ltd. ; Royal Crown Cola ; Singer South Africa (Pty), Ltd. ; Caltex Oil (S.A.), Ltd. ; Mobil Refining Southern Africa (Pty), Ltd. ; Valvoline Oil (S.A.) (Pty), Ltd.

Mr. Diggs. How does Commerce inform its own companies such as Amax? What do they do to correct any undesirable practices?

Mr. Scorr. The answer to the first question is that the U.S. Government is in fairly close consultation with these companies due to the unsettled circumstances. I think they would consider it presumptive of us were we to tell them that we considered their employment practices unsatisfactory.

I think we could point out how they varied from the norms, or vary from the accepted values. It would have to stop there.

Mr. Diggs. But they would provide information to you. You said that before, what would happen to—if you asked one of these companies for certain information and they failed to provide it?

Mr. Scorr. Generally we are on very good relations with them. I see the Amax people personally. It is a personal relationship. I doubt very much they would not provide us with anything we really required. This is really the nature of my job, to relate to business.

Mr. Diggs. How about the size of our trade in Angola?

Mr. Scorr. We have those figures, I believe. Our exports for 1970 total \$38 million compared to \$34 million in 1969. Imports are valued at \$68 million compared with \$54 million in 1969.

Mr. Diggs. How about the rate of growth?

Mr. Scorr. A growth rate of about 12 percent.

Mr. Diggs. Are there any conditions on the repatriation of profits?

Mr. Scorr. Investment totals \$195 million. We do not have figures for repatriated earnings, nor do I know whether there are restrictions on them. But as a Portuguese colony, I expect there are some. I will be happy to provide it.

Mr. Diggs. Would you find that out?

(This information is contained in the earlier statement on Portuguese Profit Repatriation Regulations Applying to Overseas Territories.)

Mr. Diggs. I would also like to know what the picture is with respect to Mozambique.

Mr. Scorr. We will provide that, as available.

(This information is contained in the earlier statement on Portuguese Profit Repatriation Regulations Applying to Overseas Territories.)

Mr. Diggs. Did you recently approve the Boeing 707's to the Portuguese Government without restrictions?

Mr. SCOTT. Yes, the sale of the 707's was approved without restrictions as to their use, as is the normal practice with regard to non-military items.

Mr. DIGGS. You placed no restrictions on them yourself. You accepted what the Portuguese said would be their use.

Mr. SCOTT. They were consigned to a civilian entity of the Portuguese Government for civil aviation purposes.

Mr. DIGGS. Were these planes intended for use to transport troops?

Mr. SCOTT. They were for such use as the Portuguese Government wished to make of them.

Mr. DIGGS. Was this in the form of some kind of communication that could be provided for the record?

Mr. SCOTT. We are not permitted, as I mentioned earlier to disclose information related to export licenses.

Mr. DIGGS. What about the export license to the Bell Co. for export licenses for five helicopters for the Portuguese Government?

Mr. SCOTT. I am informed that they were issued. The important point to remember here is that these helicopters were for transporting materials to a dam construction site.

Mr. DIGGS. Logistical support was in an area that is under attack by the liberation elements.

Mr. SCOTT. The understanding was that their use is to be entirely civilian and for transportation of materials to the damsite. It would be hard to infer any military application for that transaction.

Mr. DIGGS. Did you license herbicides for sale to Angola or Portugal?

Mr. SCOTT. I am not familiar with that case. I pass on all export licenses.

Mr. BURNS. That would be a matter for the Department of State, defoliants.

Mr. DIGGS. Herbicides.

Do these defoliating agents go under general licensing authority?

Mr. BURNS. The answer is that they do not.

Mr. DIGGS. It is all State Department?

Mr. BURNS. The Department of Commerce now has jurisdiction. They are under a licensing control.

Mr. DIGGS. Suppose you got an application for herbicides for sale to Angola or Portugal?

Mr. SCOTT. We would all look again to the end use. If it were civilian, we would be inclined to license it.

Mr. DIGGS. Is there any commercial attaché in Luanda?

Mr. CONGER. No.

Mr. DIGGS. How about U.S. trade with Angola and Mozambique?

Mr. CONGER. We can give you those figures, Mr. Chairman, in just a minute.

Mr. SCOTT. U.S. exports to Angola were \$38 million in 1970 and our imports came to \$68 million. Re Mozambique, U.S. exports declined to \$21.6 million in 1970 from \$26.5 million in 1969. Imports increased to \$17.7 million from \$16 million. That is an enormous increase over 1960.

Mr. CONGER. The aggregate increase in U.S. imports from Angola and Mozambique was mainly in Angolan coffee.

Mr. DIGGS. Well, this information is useful to the committee in its deliberations.

Mr. SCOTT. We will be happy to give you the reason for that very large increase, and we will provide details and figures with commodity breakdowns.

(The information follows:)

U.S. TRADE WITH THE PORTUGUESE AFRICAN TERRITORIES

ANGOLA

1. U.S. imports from Angola increased in value from \$26 million in 1960 to \$68 million in 1970, or by 162%. This increase reflects larger shipments as well as higher prices of robusta coffee, the principal import.

2. Over 1960-70 U.S. exports registered an increase in value of 245%, having risen from \$11 million to \$38 million. During this period increasing activity in Angola's extractive industries, especially petroleum and diamonds, expanded the market for mining equipment and machinery. A U.S. firm's petroleum investment and the Cassinga iron ore project both accounted for increases in U.S. exports in 1967 and 1968. Construction and mining machinery and equipment have been exported to U.S. concessionary interests exploring for petroleum, sulfur, diamonds and phosphates.

3. Exports of heavy earth-moving machinery and spare parts have been supplied by U.S. suppliers for the provincial government's road building program.

4. Improvements on the state-owned Mocamedes and Luanda Railroads and on the privately-owned Benguela and other railroads resulted in sales of locomotives and other equipment. An Export-Import Bank credit of \$6.7 million approved in 1967 helped finance an American firm's \$8 million sale of 30 diesel locomotives, spare parts and related goods and services in connection with development of rail service for the Cassinga iron ore mine and expansion of the state railroad.

5. Angolan interest in expanding commercial agriculture and the livestock and meat industries widened the market for agricultural machinery, tractors, farm implements, American breeding stock, livestock-raising and other related equipment.

6. Since 1960 the most significant increases have been in exports of agricultural tractors, cereals and cereal preparations, construction and mining machinery and equipment, chemicals, and transport equipment.

MOZAMBIQUE

1. The value of U.S. imports increased from \$5 million in 1960 to \$18 million in 1970, or by 260%. This increase was due almost entirely to larger shipments and higher prices paid for cashew nuts, the principal import.

2. Exports, valued at \$10 million in 1960, totaled \$22 million in 1970, constituting an increase of 112% over 11 years. Owing to \$8 million in sales of commercial and general purpose aircraft, exports reached a high of \$26 million in 1969.

3. Since 1960 the most significant increases have been in exports of machinery, miscellaneous accessories and parts for transport equipment, tractors and road motor vehicles, and commercial and general purpose aircraft.

5 LEADING PRODUCT CATEGORIES IN 1970 OF U.S. TRADE WITH ANGOLA AND MOZAMBIQUE, WITH COMPARISON AGAINST 1960¹

[Value in millions of dollars]

U.S. IMPORTS		
Angola:		
1. Coffee.....	23.6	64.1
2. Metalliferous ores and metals.....	1.0	1.4
3. Fish and fish preparations.....	.2	1.0
4. Other ores and metals.....	1.0	.5
5. Oils and fats, animal and vegetable.....	.2	.4
6. Special transactions not classified by kind.....		.6
Total.....	26.0	68.0
Mozambique:		
1. Cashew nuts.....	1.0	12.0
2. Other edible commodities.....	.6	2.2
3. Ferromanganese and ferro-alloys.....	1.0	1.5
4. Crude materials and manufactures, inedible.....	2.0	1.3
5. Copper and copper alloys.....	.4	1.0
Total.....	5.0	18.0

See footnotes at end of table.

FIVE LEADING PRODUCT CATEGORIES IN 1970 OF U.S. TRADE WITH ANGOLA AND MOZAMBIQUE, WITH
COMPARISON AGAINST 1960¹—Continued

[Value in millions of dollars]

U.S. EXPORTS		
Angola:		
1. Machinery.....	4.6	19.5
2. Food, live animals, beverages, and tobacco.....	2.0	6.5
3. Manufactured goods.....	1.1	5.4
4. Chemicals and inedible crude materials and manufactures.....	1.6	3.6
5. Transport equipment.....	1.7	3.0
Total.....	11.0	38.0
Mozambique:		
1. Machinery.....	2.5	8.0
2. Miscellaneous accessories and parts for transport equipment.....		3.5
3. Tractors and road motor vehicles.....	1.0	3.5
4. Chemicals and nonmetallic minerals.....	2.5	3.0
5. Commercial and general purpose aircraft.....		2.0
6. Manufactured goods.....	2.5	2.6
7. Cereals and cereal preparations.....	1.5	
Total.....	10.0	22.0

¹ Figures have been rounded.

Mrs. BUTCHER. What is the present licensing authority for defoliants now that it has come under the jurisdiction of Commerce?

Mr. BURNS. It is a validated license control.

Mrs. BUTCHER. Did you say that you would consider sending them to Angola in view of the reports that they have been used in Angola?

Mr. SCOTT. If they were for agricultural purposes, yes.

Mrs. BUTCHER. You spoke toward the end of your statement of the farsighted labor policies. How do you inform yourself on these labor policies?

Mr. SCOTT. We keep consultations with these oil companies.

Mrs. BUTCHER. You don't depend upon the Department of Labor at all for the gathering of these statistics?

Mr. SCOTT. We have not to date.

Mrs. BUTCHER. I think it is important that the basis for the arms embargo as stated by our U.S. representatives be clarified. In your statement, you say that the basis for the arms embargo is for the enforcement of apartheid, and I think for the record it should be shown that this was the basis for our arms embargo in 1962, but in 1963, we in fact went beyond that, and said that we did not wish to do anything which would contribute to friction in that area.

Is that your understanding?

Mr. SCOTT. Our actual policy is that we provide no arms whatsoever, or even paramilitary equipment that could have a military application.

Mr. DIGGS. We thank both of you gentlemen for your enlightenment of the committee and your contribution to our deliberations. Thank you very much.

Mr. SCOTT. Thank you. I am sorry we were not as precise as you could have wished.

Mr. DIGGS. You may easily make up for impreciseness or omission since we have left several things there for you to provide for the record.

The committee will stand adjourned.

(Whereupon, at 5:45 p.m. the committee adjourned, to reconvene at 2 p.m., June 16, 1971.)

U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

WEDNESDAY, JUNE 16, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON AFRICA,
Washington, D.C.

The subcommittee met at 2:08 p.m., in room 2255, Rayburn House Office Building, Hon. Charles C. Diggs, Jr. (chairman of the subcommittee), presiding.

Mr. Diggs. The subcommittee will come to order.

Today the subcommittee, in its investigation of U.S. business involvement in southern Africa, continues the inquiries pursued with the Department of Commerce as to the implementation of U.S. Government policy.

Our first witness today is from the private bar. It is important in an inquiry such as this to hear the views from persons from different sectors of the community, so that the subcommittee may share the benefits of their experiences and thinking on this problem.

Yesterday, we focused on exploring how U.S. policy toward U.S. business is implemented in the countries of southern Africa. In addition to the critical issue of exploring the question of what should be the U.S. Government position on U.S. involvement in South Africa, whether, for example, U.S. foreign policy interests are better served with a policy of neutrality or with a policy of discouraging businesses, there is the problem of how the Government should implement our policies so that private business, in its employment practices in southern Africa, advances rather than exploits the interests of the majority of the people in that area.

Our first witness, Mr. Murray J. Belman, will address this question, and then the subcommittee will also hear the views of two South African witnesses. The first is a South African economist working with the American Committee on Africa, Mrs. Jennifer Davis, who is in daily pursuit on the extent and depth of our involvement in southern Africa.

Then the subcommittee will hear the views of Attorney Joel Carlson, who is of South African origin, on the significance of the laws of South Africa to the subject under inquiry.

Mr. Belman, you have a prepared statement?

Mr. BELMAN. Yes, I do.

Mr. Diggs. You may proceed.

STATEMENT OF MURRAY J. BELMAN, ATTORNEY

BIOGRAPHY

AB—Cornell University, 1957.

JD—Harvard Law School, 1960.

Teaching Fellow—Harvard Law School, 1960-61.

DEPT. OF STATE, 1961-69:

Attorney Adviser—African Affairs, 1961-62.

Attorney Adviser—Economic Affairs, 1963-65.

Asst. Legal Adviser—Economic Affairs, 1965-67.

Deputy Legal Adviser, 1967-69.

Private practice, 1969-present.

Mr. BELMAN. Mr. Chairman, my name is Murray J. Belman. I am an attorney practicing here in Washington. I thank you for this opportunity to appear before the subcommittee to testify regarding U.S. investment in South Africa.

At the outset, I should like to make clear that, for my own part, I believe little can be said in defense of continuing investment by U.S. companies in South Africa. Under any civilized standards, that country's policy and practice of apartheid must be found immoral. While some practices of other countries can also be criticized on this ground, nowhere else is the impact so pervasive, pernicious or proudly defended.

But apartheid is special in another way: Business enterprise, perforce, becomes intimately tied up with apartheid, since it is directed largely at providing a cheap source of labor necessary to support the high standard of living of the white South African.

Your committee has heard at great length how the system of apartheid operates to give the black South African a choice of two wholly unacceptable alternatives: (1) life on a Bantustan, with all the economic and other privation that means; or (2) life near the larger cities of South Africa, subject to exploitation by the state and private citizens alike.

But the hard fact remains that the more than 300 American enterprises now established in South Africa are unlikely, under present circumstances, to withdraw from that country. Moreover, I think the chances are slender that the executive branch will adopt a policy of encouraging withdrawal or even cessation of investment in South Africa.

If this assessment is correct, can anything be done to improve the situation? I believe that a possibility exists and is fairly easy of accomplishment. I speak of the publication of guidelines by the U.S. Government to assist U.S.-owned enterprises in alleviating somewhat the impact of apartheid on their black employees.

Heretofore, U.S. business in South Africa has proceeded without benefit of any effect by our Government to provide public advice on the things an American businessman can and ought to do to minimize the more oppressive aspects of apartheid. This silence is in marked contrast to the torrent of economic and political facts and figures poured forth by the State Department, the Commerce Department, and other agencies of Government to help our citizens make a profit abroad.

I recently read one analysis of the employment policies of the three U.S. automotive manufacturers in South Africa and found the differences between them striking. (Economic priorities Report No. 5, Council on Economic Priorities, Economic Priorities, October-November,

1970.) Surely, government guidelines in this area would have assured a more uniform policy, and probably one that would have improved the picture at all three companies.

At this time, when there is an awakened interest by corporate shareholders and employees in their company's operations in South Africa, management ought to welcome the availability of such guidelines.

I don't pretend to be an expert in the intricacies of the South African apartheid law and its satellite legislation. The convolutions of those statutes, together with the administrative discretion they permit, make the system more complex than our own Internal Revenue Code. At the same time, a few measures that could be implemented within that law are readily apparent:

1. At least a living wage could be paid all workers. Statistics disclosed in a United Nations-sponsored study of apartheid in South Africa showed that at least 67 percent of those blacks living near Johannesburg were paid wages below the \$47 per month poverty line. (Industrialization, Foreign Capital and Forced Labour in South Africa, U.S. Document St/PSCA/Ser. A/10, 1970.) There is no law in South Africa prohibiting payment of a living wage.

2. While South African law does say that blacks are ineligible for many kinds of work, there is no law that prevents giving a black equal pay for equal work.

3. As in the United States, basic salaries could be augmented by various fringe benefits. However, in South Africa these benefits are not merely wage supplements. If they are not granted by the companies, they are, for all practical purposes, denied the black employee. Such benefits should include medical care, insurance, sick leave, and credit union facilities.

These types of benefits, common in the United States, are virtually nonexistent for the black South African. In addition, there are many benefits which we might think unusual in the United States that could play an extremely important role in South Africa. Among the things I have in mind is the provision of company libraries equipped to provide educational counseling. In this way, South Africans could augment their meager educations so that they might play a more useful role at work and at home.

Coupled with this educational experience ought to be a vocational training program offering a chance for advancement to employees that otherwise would be incapable of progressing beyond the lowest job levels.

A third educational benefit that ought to be provided is the payment of educational expenses for children. By a grotesque anomaly in South African law, it is the black who must pay for his education, while the white student receives his free from the state.

Finally, because the black employee leaving the Bantustan must, in most cases, leave his family behind, his ability to return for visits may be the only thing keeping the family structure together. For this reason, companies ought to subsidize visits by these employees to their homeland.

4. Black South Africans are now denied any right to form or become members of unions. Thus, they receive no benefits from the collective bargaining process. Nonetheless, it is possible for management to call upon work committees, which may include blacks, to advise them on various matters affecting the conditions of labor.

5. Presently, many American companies are substantial contributors to the South African Foundation, an organ dedicated to propagandizing the world on the rectitude of apartheid. If this tribute must continue, at least it can be matched with contributions to highly respected organizations dedicated to improving the lot of the victims of apartheid.

6. A final guideline is an intangible one. Its implementation would call for the special good will of the American businessman. I have in mind the adoption of clear company policies calling for the extension of respect and courtesy by management and other employees to the black South African employee. This attitude is not going to overturn apartheid in South Africa. At the same time, as we have learned in this country, without that respect and courtesy, racial antagonism cannot be eliminated.

One might conclude, Mr. Chairman, that these suggestions are modest, perhaps too modest, and I would agree. Nevertheless, I have heard it said many times in defense of U.S. investment in South Africa that it operates to improve the lot of the black South African and that the impact of withdrawal would fall most heavily upon him.

I am not convinced that this is the case, since the process of industrialization in South Africa has not improved the economic lot of the black and has been accompanied by an ever-increasing circumscription of his rights. If American investment is to remain in South Africa, let it demonstrate that it can benefit the black South African. If they were implemented, the measures I have mentioned would be a step in that direction.

But the issue here is broader than the deplorable state of race relations in South Africa. The mere fact of U.S. investment in that country has led to skepticism both at home and abroad regarding the real depth of the commitment of America and its corporate establishment to the eradication of racial discrimination. The Federal Government, which has at times been clear and forthright about these issues at home, has offered only silence to guide the behavior of its corporate citizens abroad.

This is a time, Mr. Chairman, when the citizens of this country are engaged in a very thorough process of introspection, seeking to know what has happened to our moral heritage. We are embroiled in a fierce argument on the morality of the war in Vietnam. Only by painful process is the country coming to accept that war for what it is.

In South Africa, the moral issue is a clear one. Apartheid founded on a theory of racial superiority and implemented through the practice of racial repression, is matched in this century only by genocide. On this kind of issue, I believe we have a right to demand that our Government provide at least a measure of moral leadership.

Thank you, Mr. Chairman.

Mr. Diggs. Thank you, Mr. Belman.

At the beginning of your statement you merely said, all too modestly I am sure, that you are an attorney here in Washington. Could you tell us a little more about yourself and how you come by your interests in the subject?

Mr. BELMAN. Well, Mr. Chairman, after leaving law school, I joined the State Department in the Legal Office and began working initially on African Affairs. One of the first things we did when I arrived was

prepare the U.S. papers for submission to the World Court on the case brought by Ethiopia and Liberia.

Of course, that required an examination of the apartheid situation as it existed at that time. Subsequently, I became Assistant Legal Adviser for Foreign Economic Affairs and Deputy Legal Adviser in the State Department, in which position I had opportunity from time to time to examine the aspect of the apartheid not only as it affected the South African, but as it affected U.S. businessmen in South Africa.

Mr. DIGGS. On page 5 you mention the South African Foundation, which you describe as an organization dedicated to propagandizing the world on the rectitude of apartheid, and you also indicate that many American companies are substantial contributors.

Do you have any knowledge of what American companies might be contributing to this Foundation?

Mr. BELMAN. Well, one of the companies that was described in the article that I mentioned in my text, the Economic Priorities Report—I have forgotten which of the three companies, although my notes may disclose it, was a contributor to that organization. Maybe it may have been two of the companies.

It is an organization that is well known. I think that the activities of the organization I have run into here in the United States. I don't consider it a subversive organization. It is perfectly open and above board as to what its views are. I think the organization certainly has a right to defend its position.

What I am objecting to is the, as I characterized it in my speech, tribute that is paid to it by American enterprises without at least, at the very minimum, making a compensatory contribution to other organizations that are highly respected in South Africa. These are not subversive groups.

Mr. DIGGS. I certainly agree they have the right under our laws. I assume you know who these companies are. Presumably we can get them from another source.

Mr. BELMAN. Yes. I think this Economic Report numbered 5 does. I don't see it among my notes.

Mr. DIGGS. Let's explore the implementation of your idea about the specific Government guidelines for U.S. business in southern Africa. When the gentleman from the Commerce Department was before the committee yesterday, a question was propounded concerning guidelines, and it was his view, which I presume is the representative view of the Department, that it would be presumptuous for our Government to establish guidelines for U.S. business operations in southern Africa.

He said that they had studied this matter extensively, and that they concluded that it would be, in fact, presumptuous. How do you react to that?

Mr. BELMAN. Well, with a great deal of skepticism, Mr. Chairman. At least it has been my experience that the efforts of the U.S. Government to seek cooperation from its business enterprises depends, really, on how important they think the issue is.

Certainly there is a great deal of material poured forth by the Commerce Department, as I mentioned in my statement, that attempts to guide American business as it operates abroad in many ways. I dare say that no intelligent American businessman would go to Eastern

Europe, for example, to negotiate some kind of business arrangement without going to the Government or seeking Government advice, written or oral, and receiving a great deal of the advice relating to the special situation he runs into when he goes into an economy that is wholly different from our own.

I would assume that if anyone took up the opportunity and was permitted to deal with Communist China, the same thing would be the case.

Well, South Africa is a very highly unusual country. Operating in that country is a singularly unique experience in this particular field. I think that not only is it not presumptuous, but it seems to me that it would be presumptuous of the Commerce Department to say it is presumptuous for them to refrain from giving guidelines. I think American business needs it, and probably wants it.

Mr. DIGGS. Do we, in fact, have guidelines with respect to the prospects of U.S. business operating in these other areas that you mentioned?

Mr. BELMAN. Well, I think that the guidelines are certainly of a different character, but I have heard many people from the Commerce Department describe in detail the kinds of steps they would advise and suggest that American businessmen take in dealing with Eastern European governments, and the centralized economies they have there.

Now, all that is at stake in that situation, Mr. Chairman, for the United States, is the profit and economic relations that the business enterprise can bring to those countries. Those are important considerations, but I don't think they are as important as this issue is, one that there is no public advice on now.

Mr. DIGGS. How would these guidelines be established; by publishing in the Federal Register?

Mr. BELMAN. Well, I would suggest—

Mr. DIGGS. Would it be an Executive order by the President, or how would you do it?

Mr. BELMAN. I would let the State Department and Commerce Department meet with the companies that invest now in South Africa. This has been done before in other areas. Companies send their representatives, these proposals are discussed, and a series of guidelines can be worked out.

I would not promulgate them unilaterally, although I might say that the kinds of things I have suggested in this rather short list seem to me to be things that would be rather easy of accomplishment. But there is no reason there cannot be an exchange of views on these, followed by a statement of U.S. Government policy guidelines for American companies operating abroad.

Mr. DIGGS. What is your assessment of a suggestion that the Government establish a committee to investigate the practices of U.S. businesses in southern Africa, and commend regularly those companies who have shown some kind of marked improvement, and to establish an honor roll for companies who are equal opportunity employers, as we do on the domestic side?

Mr. BELMAN. I think that is one way to skin that cat. I think it would be a useful piece of information to know what, in fact, American companies are doing.

I saw this discussion of the automotive companies operating, which I believe was accomplished by visits to South Africa and interviews with the people involved. I thought that was very enlightening. I think it would be useful to have for all American companies that are willing to cooperate.

I think that in order to know who you are going to reward, and who is not going to get on the honor roll, you are going to have to establish what you mean by progress, and I think the guidelines might be effective in that.

Mr. DIGGS. The gentleman from Iowa, Mr. Culver.

Mr. CULVER. Thank you, Mr. Chairman.

Mr. Belman, I wish to commend you on your paper and your presentation, and the thought and consideration it represents. I only regret that it was not possible to structure the committee hearing to afford you the opportunity to be present yesterday during the course of our hearing of the witnesses from the Commerce Department on this specific point that you raised concerning the kind of guidelines and suggestions of areas of possible flexibility to probe and push concerning creating a better employer-employee climate in terms of the non-white work force.

Yesterday, Mr. Scott in his prepared statement—I don't have the exact language before me—said that when a particular corporation interested in investment in South Africa, or one with ongoing operations there, had occasion to meet with the officials in the Commerce Department they were encouraged to maximize progressive steps to improve the job condition of the nonwhite work force.

Having seen that in the statement, I, for one, attempted to elicit from him the specific, concrete suggestions that they are making available to the prospective investor or the ongoing investor there concerning a considered judgment of areas such as you have outlined where these kinds of initiatives should be pursued.

Well, frankly, it was distressing to me that, in fact, he had none. Obviously there has been no actual legal analysis of the Bantustan laws and apartheid statutes concerning employment conditions and salary compensation which the Commerce Department has ever undertaken, much less to be in a position to counsel these prospective and ongoing investors about.

When asked for an explanation of the kind of help they would provide in this specific regard, we got nothing but a bunch of absurd generalities about the dignity of man and nothing that obviously represents any thought whatsoever—not that we find, on the committee, that is so surprising. We hear one thing in the prepared statements, and what goes on behind the bureaucratic veil is quite a different set of circumstances.

But the incredible thing to me was his defense for this kind of information which he said they are now providing that there was no one within the Department of Commerce with the requisite business expertise to make such an analysis.

I frankly, at that point, found my patience rather exhausted and suggested that any decent third-year law student at a responsible law school on the Law Review could, in a couple of weeks, in all due re-

spect to you, come up with the kind of specific suggestions you have done here. So, frankly, I think what is clearly lacking is the will.

As you properly say, where there is a proper motive and incentive, whether it is profits or balance of payments, these consultative services are readily available to American overseas investment. Even to the extent of dealing in a Communist economy, I imagine that there is just no shortage of information available both through the State Department and Commerce available to the investor as to how to equip his sales organization or corporate legal staff with sophisticated review and analysis, both legal and extra-legal, as to how to get the biggest break for your buck and stay out of jail.

I wonder if you would address yourself to that. I know it is not exactly fair, but do you feel—this is preposterous—that this massive bureaucracy could do this kind of thing?

Mr. BELMAN. I think it can be done. I think you can differ on ways of going about it. One person's list can be different from another, but the notion that no basis for discussion can be made, I think, is patently silly. It can be done. There is no reason it can't be done.

I think that one of the problems that I have—

Mr. DIGGS. Excuse me. Could the witness suspend for a minute? We have to record a vote.

(A short recess was taken.)

Mr. DIGGS. The hearing will resume.

I believe we were in the middle of a question from the gentleman from Iowa.

Mr. BELMAN. Well, I think my response to your question, Mr. Culver, was that I think that these steps can be taken. I think they can be done very easily. I don't stand on these proposals I have made as "written in stone," but they can be examined.

The thing that disturbs me so much about the statement of the man from the Commerce Department was his attitude that this is something that can be done in the back room or that it ought to be done when companies come in and ask questions. Well, it is better if it is done there than no place at all, but I think it is very important that these be public guidelines for two reasons: One is that I think they are much more effective, they are real guidelines, if everyone knows that the Government stands for these things and that the Government has given enough thought and cares enough for them to put them forward.

I also think that it is important that the United States have a public position on this. We don't have a public position now, and I think this is the minimum public position that we can defend. I don't see how anything less than this could be defended.

Mr. CULVER. On page 5 of your statement, again, you properly acknowledge the familiar argument that in defense of U.S. investment, that its withdrawal would have adverse economic and social consequences to the nonwhite labor force.

I am not in possession of a copy of Mr. Scott's statement, but he offered this same statement in support of U.S. economic investment there by U.S. firms. He made reference to the fact that in support of this argument, that "nameless black spokesmen have urged the United States to continue its present investment program." It is on page 9:

Spokesmen for black groups in South Africa have urged that U.S. subsidiaries not withdraw from South Africa, since such withdrawal would result in loss of jobs for black South Africans and destroy the hope these spokesmen see in the farsighted labor policies with which U.S. industry is generally identified.

I asked him who these black spokesmen groups were, and whether he had an opportunity to speak with genuine black spokesmen who had adopted a position of political and economic opposition to apartheid who are now in detention or in jail or exiled.

I just wondered if you would comment on that point, because I think this argument is one that merits a very serious analysis in terms of the interests of the nonwhite population in southern Africa generally under this minority racist regime.

Mr. BELMAN. I think there are two aspects of this thing. I suppose if I was a black South African working in the plant of some American industry and I was supporting a family on what I was earning, and all the other things that one receives from his job, I would be in favor of that plant continuing to operate. There is no question about that.

At the same time, I think you have to consider whether the argument as a whole, despite the dislocations that might occur of this kind, the argument as a whole, it seems to me, must be posited on the contention that the enhanced economic performance of the South African economy produces a better standard of living for the black African, a better wage, a better life, generally. I think that the statistics show that that just has not been the case.

In this U.N. report that I mentioned, it shows that real income per capita has gone down in South Africa from the mid-1950's to recent times. In the mid-1950's the per capita income was about \$67. The recent estimate was \$74, and coupled, of course, with that has been inflation. This means that in fact, despite the really significant growth of industry in South Africa, the blacks have not shared in this increase.

At the same time, if you look in the mid-1950's you find that the other aspects of life, the intangible aspects of life, were probably better for the black African because most of these really tight, repressive laws have been enacted and/or strictly implemented since that period.

So I don't see that the record shows that the standard of living has improved for the black South African by virtue of the enhanced economy and whatever contribution to that enhancement was made by American investment.

Mr. CULVER. How about the argument that the combination of white departures among the trained work force and the increased sophistication placed upon the economy in terms of its competitive position will inevitably result in the necessity for a greater and more favorable accommodation of the non-white work force?

Mr. BELMAN. I suppose that is happening. You hear about the various industries getting sort of ad hoc permission to employ Africans in jobs that are supposedly restricted for whites or Coloureds, but I think that is a process that will be a long time coming. I don't see any reason why that should not be a helpful development.

At the same time, it is a very slow one, and I think in the end result, the black gets paid less than he ought to be getting paid for doing the same kind of work.

Mr. CULVER. How about the Polaroid experiment now? It is my understanding that they plan to implement this program for a period of a year, and then make a reevaluation of its effectiveness in maintaining the option to withdraw their economic presence if, I gather, it proves, in their impression, to be unproductive and unfruitful and fails to bring about the results they are seeking.

In talking about the desirability of studying these guidelines, would you contemplate a similar course of action, assuming they legally permitted any push in a progressive way? Would you envision, if it proves to be intolerable, unsuccessful and obstructed by the South African Government, that the United States then contemplate at the end of certain test period the desirability of terminating all U.S. investment in South Africa?

Mr. BELMAN. That is one way of approaching it. I would think that if these guidelines were issued and were stood behind by the Government that it would be assumed that American business would follow them.

As I say, they are not very far reaching. They are modest, and if they did not and they could not survive with that, they would probably want to get out themselves.

Mr. CULVER. Based on your experience in your study of that country, do you believe that bloody revolution is inevitable in South Africa to bring about majority rule?

Mr. BELMAN. Let me say that I am not as sanguine about those prospects as some of the other people I have heard talk about it who see this prospect, if at all, way, way in the future.

Times change quickly these days, and while the balance of power, if you want to call it that, is certainly in the hands of the white South Africans today, I think things have a way of developing, especially when you are way out on the end of the limb, as I believe the white South Africans are.

Mr. CULVER. Do you view it to be inevitable, given your understanding of world history and the magnitude of the problems there?

Mr. BELMAN. I can't answer that. I would hope that it would not, because I would hope that the whites will make a change.

Mr. CULVER. We all hope. Nobody hopes we have blood baths, but I wonder just coldly and analytically and starkly, biting the bullet, do you think it is inevitable?

Mr. BELMAN. If inevitability leads to infinity and you consider the situation as it is today, I would say inevitably it has to happen.

Mr. CULVER. If that is the case, and this represents such a fundamental moral position in the eyes of the civilized world, what about the desirability of the U.S. at this point in time really putting its money where its mouth is and saying that we are going to withdraw and avoid any possibility that when the situation there deteriorates into armed conflict, there is no danger that the U.S. will find itself uncomfortably in the position of any division of where our national interest lies.

Mr. BELMAN. I would say that if you are going to make a determination to withdraw or not to withdraw, that is not the grounds I would make it on at this time. You might warn people, "Look, this is a possibility. You ought to be aware of it before you invest or before you expand your existing investment," but I think if we

are going to have people withdraw, it ought to be on the basis of the reasons we are talking about this problem.

We are talking about South Africa not because it is a country that has an unstable political situation, or because that situation is what ought to deter American investment. It seems to me we are talking about the policies of the country being repugnant to what this country is supposed to be standing for.

If that is the reason that we are talking of here today, I think that is a good enough reason to ask American businessmen to get out or not to go in. That ought to be the basis on which it is done. At this point, I don't see how you can analyze it on the basis of profits or stability of the government, and all the rest.

Some day that may be the most pressing issue.

Mr. CULVER. Thank you, Mr. Chairman.

Mr. DIGGS. Just one other question.

How would you enforce guidelines? For example, suppose we extended the coverage of the FEPC laws of this country to cover government contracts. Would that be one way of getting at it? In other words, if the Ford Motor Co., that operates under FEPC provisions and has a plant in South Africa, did not comply with certain guidelines, that they would be ineligible for Government contracts here in the United States just as they would be ineligible if they did not follow guidelines with respect to domestic policies.

Mr. BELMAN. Well, that certainly is a way of handling these guidelines, through some sort of Government coercive mechanism. I wonder, really, whether that would be necessary. I may be naive, but I think that in the present day, when you have shareholders, or as with Polaroid employees, no government coercion is necessary. After all, Polaroid's activities in South Africa are pretty minimal to what it does the rest of the world around, yet it got a good deal of pressure. A lot of companies are getting pressure on this.

If you made this public and you also required that companies report from time to time on their progress under the guidelines, I think you could depend on the employees and the shareholders to raise enough of a ruckus about it, if they did not live up to these things, to handle your implementation problem.

Mr. DIGGS. But you would not be opposed to this as a backup device?

Mr. BELMAN. No. I don't think this would hurt anybody as a backup.

Mr. DIGGS. I thank the gentleman for his contribution.

Mr. BELMAN. Thank you.

Mr. DIGGS. Mrs. Jennifer Davis.

You have a prepared statement, Mrs. Davis?

STATEMENT OF MRS. JENNIFER DAVIS, A SOUTH AFRICAN ECONOMIST REPRESENTING THE AMERICAN COMMITTEE ON AFRICA

Mrs. DAVIS. Yes.

Mr. DIGGS. Would you just allude rather briefly to your background? I think for the record we should drop the modesty for a moment and let us know something a little more about you.

Mrs. DAVIS. As I have said in the statement, I was born and grew up in South Africa. I went to the university there, and I did the usual things one does at universities.

I worked with various groups of students in opposition to the set-up as it was then, and I have continued to maintain links with various groups subsequently. I also worked with workers attached to a trade union, the Garment Workers Union, and saw there in practice the kind of split between wages.

I was involved with African workers, so-called Coloured workers, and white workers, who were all doing the same thing in the factory, and the wage discrimination was tremendous. Also, the official discrimination. In fact, the women were categorized differently. It was never said that they were doing the same work, but one had only to walk on the floor to see that they were doing the same work.

Mr. DIGGS. You may proceed with your statement.

Mrs. DAVIS. Thank you, Mr. Chairman.

I would like to thank you for this opportunity of appearing here this afternoon. As a South African strongly opposed to the vicious system of racial oppression practiced in my country, I feel that your committee is playing a vital role in setting out to assess actual U.S. policy in southern Africa, and most important of all, to change that policy so that it ceases to support white supremacy and black oppression.

I will concentrate this afternoon on the implications of the continued flow of strategic equipment such as light aircraft to South Africa and Portugal, and comment briefly on a number of ways in which it appears that the United States is, in fact, providing significant support to these white supremacist regimes.

Before I plunge into that, I would like just briefly to sketch the background of South Africa's own present thrust into the world as an increasingly dominant regional power. For economic, political, and particularly strategic reasons, South Africa is now engaged in a four-pronged attempt to extend its influence, win allies, and make international friends.

Inside Africa one can see three distinct levels of operation. First there is the extension of almost complete control over the so-called captive states, for example Lesotho and Swaziland. For instance, there is a continual movement of South African personnel into positions such as the administration, the judiciary, and so on.

Second, there is the extended construction of a close-knit alliance with the other two white supremacist governments in Africa, namely, Portugal and Rhodesia, and the creation of a solid Southern Bloc. This involves tremendous economic cooperation, and even more important, a high degree of military cooperation.

Thus, top-level security chiefs from the three countries meet regularly in planning sessions. South Africa has troops, equipment and bases far outside its borders in Angola, Mozambique, and Rhodesia, and recognizes that its own security would be badly shaken by the defeat of Portuguese colonialism. I think it is important to stress this. Not only does any military aid that goes to South Africa, of any form, support South Africa, but it also helps South Africa support that ring of countries to the north of it which South Africa sees as shielding it from liberation movement attack.

Third, there is the attempt to neutralize the independent African states via the blandishments associated with "Dialog." I don't want

to comment any further on "Dialog" because I know Mr. Carlson will discuss that and it has been before your committee before.

Finally, outside Africa, South Africa is concerned to project a new image of increasing reasonableness and flexibility, thus providing the major powers of Europe and America with greater justification for a continued policy of "keeping the channels of communication open." At the same time trade and investment flourish, and potential military alliances—witness the British relaxation of the arms embargo—are secured.

I want to make it perfectly clear that I do not believe South Africa is changing in the one sense that matters: It will not end apartheid voluntarily, and it is incapable of giving the African and other black people full rights; those rights are going to have to be taken. I believe that Mr. Carlson will deal with the brutal way such opposition is handled.

There is no room for dialog in South Africa. Therefore, any dialog is simply a condonation of oppression, and for the African states possibly something more dangerous. There is the old African story about the fate of the sheep who lay down with a wolf. Recent South African and Portuguese pressure on Zambia indicate that the southern bloc poses a very real threat to any African country that adopts a strong, principled opposition to apartheid.

Turning now to U.S. relations with southern Africa, I have heard administration members claim that there has been no fundamental alteration in U.S. policy toward South Africa, and that U.S. opposition to apartheid is firm. This is certainly not the way the South Africans read the situation.

Their newspapers increasingly often carry comments such as this one from the *Star* of May 15:

Since President Nixon came to office, American policies have been reviewed and rationalized to the extent that observers believe Mr. Botha (new Ambassador to Washington) will find opportunities to better relations that did not exist when he was last here.

Secretary Newsom's American phrase for dialog—"communication"—has been much in evidence, and the recent meeting between Vice President Agnew and South African Minister of Information Mulder was banner headlined in South Africa: "Mulder in Historic Talks With Agnew," and has done much to confirm the South African belief that they now have a powerful friend.

This was the highest level of contact between a South African cabinet minister and the American Government in the past decade, and the South Africans were happy to point out that it took place only a few hours after the "Black Caucus" in Congress had blasted President Nixon for rejecting the demand to isolate South Africa by cutting trade and diplomatic links. They really do see a softening of policy.

There are other indications that the United States is increasingly willing to accommodate South African racism and Portuguese colonialism as unpleasant concomitants of otherwise useful, stable and reliable allies in an apparently volatile continent.

All administration spokesmen talking about southern Africa begin their statements with a recital of U.S. abhorrence of apartheid and racial oppression. It is customary, then, to cite the U.S. firm adherence

to an arms embargo on all arms or equipment of military significance both in relation to South Africa, and to Portugal south of the Tropic of Cancer; that is, in respect of Portuguese territories in Africa. This arms embargo is used by the administration to prove conclusively that the United States is active in its opposition to apartheid.

It is my purpose today to show that the broad nature of the definitions applied severely weakens the embargo, and this, in turn, casts doubt on the reality of all U.S. opposition to the racist regimes of southern Africa.

Mr. Chairman, I have with me an American Committee on Africa Fact Sheet prepared for release at the time of the NATO meeting in Europe at the beginning of this month which deals in some detail with the two issues of NATO and U.S. relationships with and support of Portugal in Africa. I would ask permission, Mr. Chairman, to attach these to my testimony.

Mr. Dirgs. Without objection, it is so ordered.

(The material referred to follows:)

ACOA FACT SHEET

AMERICAN COMMITTEE ON AFRICA,
New York, N.Y., June 2, 1971.

NATO AND SOUTHERN AFRICA—THE GROWTH OF A MILITARY BLOC

When the NATO Council of Ministers meets in Lisbon on the 3rd and 4th of June it seems likely that a major, though "off the record" discussion, will center on the problems of Southern Africa, the need to contain the growing movement for African liberation there and the future role of Southern Africa within the defense structure of the Western bloc.

All this will have to be "off the record" because the official sphere of operation of the 15-nation alliance extends only as far south as the Tropic of Cancer, excluding all the Portuguese-controlled territories of Africa (Angola, Guinea and Mozambique), Rhodesia (Zimbabwe) and the Republic of South Africa. It will also be "off the record" because the U.S. is reported to be trying to stifle any criticism of Portugal's colonial role in Africa by more "liberal" members of NATO such as Norway and Canada, a strategy which will in fact enable a more silent and cohesive coordination of aid to Portugal.

Yet there have been increasingly frequent indication that various pressures are being exerted, in and outside the alliance, to extend the NATO zone as far south as the Cape of Good Hope. Portugal itself, having just spent hundreds of thousands of dollars to ensure that the Palacio de Ajuda will provide a suitably impressive site for the Council meeting, will no doubt renew its past requests that NATO recognition of the Portuguese role as "friend and natural ally in Europe" be extended to provide greater political and military support for the African operation. In 1970 Portugal's Defense Minister Rebelo offered NATO defense chiefs the "territories and bases outside the NATO zone" which he said "could help control the vast area of the whole Atlantic." It is significant that the new Secretary General of NATO, former Dutch Minister of Foreign Affairs Joseph Luns, who will assume his position at this Lisbon meeting, has always been sympathetic to the Portuguese position in Africa . . . and was recently reported as commenting that in the colonial wars ". . . Portugal sacrifices its blood for our freedom." (Emphasis ours.) Clearly Luns will be a strong conservative force in favor of continuing NATO support to Portugal without any criticism of the colonial war in Africa. For those who think in terms of NATO as necessary protection against "the Soviet global threat", Portugal's vicious colonialism is secondary to its convinced "anti-communism."

South Africa and the Portuguese already have a close "working alliance"—South Africa has active troops and equipment in Angola and Mozambique and regular meetings are held between Rhodesian, South African and Portuguese security chiefs.

SOUTH AFRICA—A NATO PARTNER

There has also been increasing reference in the international press to discussions about the future links between NATO and the Republic of South Africa. The so-called Soviet build-up in the Indian Ocean has provided a basis for far reaching projections of future European defense needs from many sources. A revealing example was the pre-election British Conservative Party blue-print on defense which outlined the importance of the Cape route in a situation of increasing Russian naval activity, and proposed that if the Conservatives were re-elected they re-activate the Simonstown Agreement between Britain and South Africa. This document warned that the most serious threat to the security of the Cape route lies in the Western African-Atlantic Ocean area of "Portuguese" Guinea and the Cape Verde Islands. Not surprisingly the main argument put forward by the Conservative British Foreign Secretary now in power, in justifying the sale of helicopters to South Africa and his revised attitude towards the UN arms embargo for South Africa, was that Britain needs to arm South Africa for the defense of the vital Cape sea route. This argument was raised by the British at the NATO meeting in December 1970. The French Defense Minister similarly announced plans to intensify the French presence in the Mozambique channel and the Indian Ocean. The need to defend the sea routes is one of the justifications most often heard among French military circles for huge French arms sales to South Africa. Other voices have recently been raised in support of the contention that South Africa is essential for the control of the South Atlantic and Indian Oceans and the South Africans have been quick to exploit this increasing concern.

In February, 1971 the South African Navy mounted a dramatic publicity campaign in which South African newspapers were inundated with stories and photographs of Soviet naval activity in the Indian Ocean. The campaign culminated in eight journalists being taken on a 10-hour reconnaissance flight so that they could personally report on the value of watch-dog functions which South Africa performs for the West by way of her 24-hour surveillance of shipping in the "southern seas." What South Africa wants is not just to be able to purchase arms from Britain and other NATO countries, but to involve these countries in a defense alliance of some kind. If there seems little likelihood that this would take the form of an official NATO alliance, there are certainly several NATO nations, including the U.S., Britain and France who might be interested in some form of agreement with the South African Government that would make her a "back-door" member of the alliance. The influential journal *NATO's Fifteen Nations* comments that because of the overt political implications "any extension of NATO responsibility must be considered unrealistic, [but] the only possible solution would be the setting up of a regional maritime alliance consisting of States interested in the security of the vast area extending from the shores of the Indian and South Atlantic Oceans to Antarctica. These would be the U.S., Great Britain, Portugal, South Africa, Australia, New Zealand, Argentina and Brazil."

SOUTH AFRICA'S MILITARY ALLIES

In fact such an alliance would serve to formalize ties of cooperation that the past few years have already seen well established. South Africa already derives the bulk of its imported military equipment from NATO countries. France has supplied jet fighters for ground attack operations, crucial helicopters, submarines and submarine warfare training; has developed the surface-to-air "cactus missile" in close collaboration with the South Africans, and allows armored cars to be supplied and manufactured under license in South Africa. The Italian arms firm Oto Malara is planning to supply the South African Navy with surface-to-surface missiles. Macchi 326 jet trainers, known in South Africa as Impala trainers are built locally with British Bristol Viper jet engines imported from Italy where they are manufactured under license by the Piaggio aircraft concern. Belgian automatic rifles are manufactured under license. Britain is supplying the Wasp helicopters and will no doubt move on into other fields. The U.S. which has consistently sold several million dollars a year worth of equipment to South Africa has recently licensed the sale of "light jet aircraft" which are technically classified as "non-military" but which form a basic component of an anti-guerilla force.

NATO'S "POOR MAN"—PORTUGAL'S DEPENDENCE

If the role that NATO will play in the future in relation to formal alliances involving Southern Africa is still somewhat speculative, there is no doubt at all

about the invaluable support that has flowed from individual NATO members to Portugal in its fight to hold on to its African Empire in the face of a decade of determined armed struggle by the people of Angola, Mozambique and Guinea-Bissau.

Poverty stricken Portugal has the second lowest annual per capita income of all the NATO members—\$539 as against \$346 for Turkey and \$4,279 for the U.S. Yet it spends more on defense as a percentage of Gross National Product (G.N.P.) (7.8%) than all the other members except the U.S. (9.6%). In fact, almost 50% of annual Government expenditure now goes to fight the wars in Africa. Further, Portugal has little industry and is certainly not capable of producing complex air, naval and military equipment within its own borders. Thus it has relied heavily on economic, political and military aid from its allies to enable it to continue its fight.

The terms of the NATO alliance are such that all aid given should be used only within the NATO area, but it is quite clear that the Portuguese, who choose to regard their vast land holdings in Africa as part of Portugal, do not consider themselves restricted by this technicality.

U.S. MILITARY AID TO PORTUGAL

In April 1971 a *Washington Post* reporter commented that "French made helicopters are becoming more vital to the Portuguese as they switch to more aggressive and mobile tactics. Airplanes manufactured in West Germany drop napalm and crop-killing herbicides over some contested areas. And American jet liners are used routinely for Portuguese troop movements to and within the embattled provinces." U.S. involvement in Portugal's colonial war serves as a useful example of the inevitable consequences of maintaining any kind of alliance with a country fighting a war of national oppression.

The U.S. continues to give some military aid to Portugal directly and openly. Reported military aid in the years 1946 to 1967 amounted to \$326 million; the figures reported for recent years are small . . . \$6 million in 1968, \$1 million in 1969. But recent revelations in Congress and the Senate make it clear that published figures do not tell the whole truth. Congressman Coughlin has pointed out that the unclassified arms sales figures released by the Department of Defense for arms supplied to Africa gave no indication at all of the huge volume of weaponry supplied to Ethiopia, a quantity actually valued in excess of all U.S. military aid to the other independent African states combined. Similarly in the Senate, testimony was recently given that more than one billion dollars allocated for the Food for Peace program has been used for military purposes. Testimony before Senator Proxmire indicated that in fact no one knows in how many different ways the U.S. gives military aid, nor how much it adds up to. The only item clearly labeled military assistance in the current budget totals \$409 million—but 2 Pentagon officials, pressed for a more realistic total at the hearings finally came up with a figure of \$4.9 billion. So in fact it is impossible to know how much military aid the Portuguese actually get from the U.S.

There is also a great deal of mystification about the nature of the aid that the U.S. acknowledges that it gives to the Portuguese. The U.S. Government had said that since 1961 "it has been our policy that military equipment provided to the Portuguese under either the Military Assistance (M.A.P.) or through U.S. Government or commercial sales shall be used only in the NATO area—which does not include any part of Africa."

Yet over the last few years the U.S. Government has allowed T.A.P., the Portuguese state airline to purchase seven 707s, three 727s and two 727 Cs (converted to passenger use) from Boeing, many of the purchases having been financed by the U.S. Government backed Export-Import Bank. The Portuguese have openly admitted that the Military charters T.A.P. planes for transporting men and material in and to Africa. Recently, extending U.S. complicity with the Portuguese colonialists yet further, it was revealed that the U.S. Government had approved the sale of two Boeing 707s direct to the Lisbon government—placing no restrictions at all on their use. Lisbon observers at the time commented, "One purpose of the aircraft will be to ferry soldiers home on leave quickly, thus improving morale among the 150,000 men in Africa."

Official sources say that U.S. military aid to Portugal "concerned only with enhancing Portugal's NATO role, consists almost entirely of air defense and anti-submarine warfare training and material." As the Portuguese have concentrated increasingly on developing aerial techniques as they lose command of the land

in Africa to the liberation movements, this claim itself says more than it is intended to. Recently the Textron subsidiary, Bell Company, sold five helicopters to the Portuguese in Mozambique to be used for "logistical" support in the Cabora Bassa Dam area which has been under heavy attack by the forces of the Mozambique Liberation Front. Kaiser has sold jeeps to the Portuguese Army in Mozambique through a South African subsidiary. In fact, Portuguese deserters have frequently stated that U.S. Army personnel and particularly U.S. guerrilla warfare experts operating in countries such as West Germany, have been involved in training programs for men of the Portuguese army. Portuguese officers were being trained at the University of Monterey in 1970, and General Kaulza de Arriaga, currently in charge of all military operations in Mozambique, was an honored guest of the State Department in the U.S. in 1969.

There are innumerable other indications of the existence of a working Portuguese-U.S. alliance. U.S. equipment such as the G3 rifles are made in Portugal under license. The Information Bureau for West Germany of the Republic of Zambia has published a long list of U.S. (and other NATO country) weapons now being used by the Portuguese in Africa, including rifles, light machine guns, mortars, rocket launchers, mines, grenades and ammunition. In 1970 the Portuguese added defoliants to the napalm and other vicious weapons they were using against the people of Angola—a quick check of U.S. export figures reveals that in the first 11 months of 1970 the export of herbicides (Code 5120629) to Portugal was four times greater than the total exported in 1969. The fact that the U.S. maintains a base on Portuguese territory in the Azores can only reinforce the U.S. desire to maintain a "stable Portugal" by all means necessary.

LIBERATION MOVEMENTS' OPPOSITION—CALL FOR ACTION

The Liberation movements within the Portuguese colonies have again called on all who support the struggle of the people for freedom and self-determination to act to end the NATO alliance and U.S. support for Portuguese imperialism.

Amilcar Cabral, Secretary General of the African Party for the Independence of Guinea and Cape Verde (PAIGC) has cited the NATO meeting in Lisbon as "concrete proof of NATO complicity in the Portuguese colonial wars against Africa," and the Mozambique Liberation Front (FRELIMO) cites in a statement that Portugal will probably receive more NATO power sympathy than before because its need for outside assistance is more obvious after the failure of the Portuguese offensive in Mozambique. FRELIMO also states, that "many of the NATO's more vocal spokesmen are constantly pointing out, Portugal is defending their interests as well as her own." These mounting alliances against the liberation of Guinea, Angola and Mozambique require that we more fully extend our support to the African movements by heightening our opposition to NATO, and by emphatically protesting U.S. complicity with repression in Southern Africa.

Mrs. DAVIS. In the limited time available, I will refer only very briefly to continued U.S. support for Portugal, both via NATO and directly through the military assistance program under which the United States still maintains a 21-man Military Advisory Group in Lisbon whose function, according to General Goodpaster, Commander-in-Chief, U.S. European Command, "is designed to permit the training of key Portuguese military personnel."

The argument is that the United States does train these people, but they are not allowed to go to Africa. However, there are constant reports that such men do, in fact, go to Africa, and the United States says that it cannot keep check of every single man in the Portuguese Army and, therefore, it must believe the Portuguese statements.

The United States also still provides training for Portuguese officers here in America. State Department figures indicate Portuguese Armed Forces trained in the United States as follows:

In fiscal year 1968, 107, with 5 Army, 95 Navy and 7 Air Force, at an expenditure of \$120,000.

In fiscal year 1970, 33, with 4 Army, 26 Navy, and 3 Air Force, at an expenditure of \$88,000.

I have no way of knowing whether these are complete figures representing all training given in the United States, nor do I have detailed information about the nature of such training. Any concrete information on this which could be obtained by your subcommittee, Mr. Chairman, would do much to lift the veil of silence that obscures the working relationship between the United States and the Portuguese military.

With your permission, I would like to spend the rest of my time examining in some detail the extent of strategic support being provided to South Africa by the United States within the legal fiction of an arms embargo.

I am not suggesting that the United States is, in fact, supplying guns and bombs to South Africa, but it is supplying a great deal of strategic equipment which does not technically fall under the terms of the southern African arms embargo. I would like to draw your attention to an article which appeared in the New York Times of June 11, 1971. This dealt with the ending of the 21-year-old embargo on trade with China. The New York Times says:

Officials here refused to speculate on what the lifting of the embargo would mean in dollar terms to American industry, but the list released at the White House set forth 47 categories of exportable, nonstrategic items and covered a wide variety of goods, including farm products, household appliances, automobiles and basic metals, such as steel.

The list carefully omitted several major items of possible strategic value, such as locomotives, trucks, high-grade computers, advanced telecommunications equipment, petroleum products and commercial aircraft. But the White House statement suggested that "consistent with the requirements of U.S. national security" such items might well be granted special licenses on a case-by-case basis after review by the Department of Commerce and other agencies.

Now, all those items which are regarded as strategic in relation to China are freely traded with South Africa. It seems strange to me that locomotives, trucks, computers, commercial aircraft are defined as items of possible strategic value in the context of China, yet are freely supplied to South Africa, in relation to whom the United States is supposed to be operating an arms embargo.

I am not quibbling with the idea that these are strategic materials; indeed, it is possible to add several items to that list, including 4-wheel drive vehicles—jeeps—patents, technical information, herbicides, et cetera. One of the major items of trade between South Africa and the United States is, in fact, an increasing number of so-called light commercial aircraft. I do not believe that we are being over-suspicious when we argue that any aircraft supplied to South Africa is a potential military weapon, but I would like to look at this argument a little more closely at this point.

The Johannesburg Star of April 17 carried the following report:

SOUTH AFRICA CAN BUY U.S. TRAINING PLANES

The South African Defense Force can now buy light American aircraft for reconnaissance and training purposes with the sanction of the United States Government, according to Mrs. Olive Beech, head of the American Beechcraft Corporation, who arrived in Johannesburg this week.

Now, when we read that, we, of course, immediately contacted the Department of State. We eventually received a reply from the Commerce Department on the 14th of May to our query, which said that Mrs. Beech had been misquoted and the letter which we received then went on:

We continue to adhere strictly to that embargo, which, among other things, precludes the sale of any aircraft to South Africa for military purposes, including military training and reconnaissance. However, normal trade with South Africa in civilian-type goods for non-military purposes continues, and we are prepared to consider licensing for VIP transport purposes limited numbers of small, unarmed executive civilian-type aircraft which will not strengthen South Africa's military or internal security capacity.

In fact, this wording is confusing. The phrase "we are prepared to consider licensing" indicates that there has been no such licensing in the past. This repeats, almost word for word, a statement made by Assistant Secretary of State Newsom in Chicago on September 17, 1970. He said then:

In accordance with the principles of the embargo, we do not, for example, license military aircraft or large transport aircraft for military use, but would consider licenses for limited numbers of small, unarmed executive civilian-type aircraft.

That, too, was a rather ambiguous statement, for the United States has, in fact, been supplying such jet aircraft to buyers in South Africa at least since 1969, and probably before. In fact, the South Africans and reliable commentators in London, such as the Financial Times and the Times of London, interpreted the Newsom announcement as a policy departure because there had already been civilian sales in the past, so that this announcement was seen as a precursor to deals with the South African Government and Defense Department.

The London Times—and the Times is a very cautious newspaper—on April 16, commenting on the Mrs. Beech episode, reports:

State Department officials wince slightly at reports that Mrs. Beech has said the United States has approved sales of light aircraft for training and reconnaissance. They insist that export licenses will only be considered for aircraft to be used for "non-military" purposes—such as liaison and the transport of generals—and they only in small numbers.

It is difficult to see how transport of a general could be thought of as a nonmilitary operation, but as the United States has supplied Boeings to the Portuguese for troop transport while claiming to adhere to the embargo, it is no doubt possible to supply aircraft to the South African military and then claim that this has no military implications.

It would be extremely useful if the subcommittee could use its authority to obtain a clear and unequivocal statement of what aircraft the United States will allow to be sold to whom in South Africa; that is, will any aircraft of any description be sold to the South African Government, Defense Force, or the South African Police, or any official South African agency?

I would point out in this connection that very recently there was a report of a crash of three executive-type airplanes which I believe are not American, being flown by South African Air Force (military) pilots. In other words, that type of aircraft is being used by the army and they clearly see it as part of the sort of equipment which they require and which has military significance.

U.S. light plane manufacturers are eager to do business in South Africa, which is the world's third biggest market for light planes after the United States and Australia. That is a fairly phenomenal figure when you think of the population of South Africa. It has the world's highest percentage of owners per number of pilots, and this is encouraged by the special tax allowance system, which allows the cost to be written off within 4 years.

South Africa is a valuable customer for the major U.S. manufacturers of light aircraft. Beech has sold 25 planes in the last 6 months. By 1969, Cessna had already sold more than a thousand planes in its southern Africa area, which extended over South Africa, South West Africa, Angola, and Mozambique, and had sent a special six-man selling team to South Africa to launch three new models in October 1970.

Several executive jets had been sold by late 1969, and it is interesting to note that the technical report which appeared in the South African Financial Gazette stressed that the Learjet 24-D, the model under review, can land and take off from nearly all airstrips in southern Africa.

This sale of aircraft to South Africa raises two important questions: the possible willingness of the United States to supply equipment to the South African Government is a very serious development in administration policy, but it seems even more important to recognize the fallacy of the licensing system under which aircraft are sold for nonmilitary purposes.

This is little more than a polite legal fiction. Any aircraft can be easily converted for military use, and in South Africa the existence of a paramilitary group such as the Air Commandos makes it possible for the military to use civilian aircraft while maintaining the legal fiction.

It must be remembered that flying is an all-white sport in South Africa. The Air Commandos, established in 1964, can best be described as a flying militia. It is rather like a flying Minuteman, actually. It is made up of volunteers who are not members of the regular military forces, but who are paid by the Government when they fly as commandos. It might be interesting to note that the defence forces are made up of three groups. You have the small permanent standing army. That is approximately 10,000. Then you have the citizen force, which is composed of "drafted" trainees. They, at any time, number about 22,000 or 23,000, but they are known as the citizens force. Young men serve 9 months in the army.

Then you have the Reserves, which could be called up in a time of emergency. And finally you have 60,000 commandos. In other words, being a commando is almost a national sport, it is part of the white psychology of being prepared in an emergency to face—not an external enemy—clearly an internal enemy. There is only one possible enemy in South Africa, and that is the black liberation movement, the majority population of South Africa.

These volunteer commando units are made up of private pilots and airplanes commissioned in times of emergency or war. The establishment of 12 squadrons was authorized in 1964. The Commandos attend an annual 2-week training camp, during which all their expenses are paid.

Their training entails radio cooperation with army and mobile police striking forces, reconnaissance, practice bombing with grenades, and general cooperation with the police in maintaining the internal security of both South Africa and South West Africa. Many of these commando members fly U.S. light planes, such as Pipers and Cessnas.

It is difficult to get information about the operation of the air commandos. Some of the information we have comes from an individual

who was himself a light plane pilot and whose identity cannot be revealed, particularly as the South African Official Secrets Amendment Act of 1965 makes the provisions of such information a criminal offense.

We believe that several flying clubs in South Africa carry out primary flying training for the South African Air Force and South African Police, who possess a fleet of communications and spotter aircraft, including Cessnas. Air Force and police personnel are trained during the week on the club's Piper and Cessna aircraft, the same planes which are used by the club members over the weekend.

It seems to me that as long as there are commercial attachés in South Africa, who must be very idle if their only function is neither to encourage or discourage investment, they might well pursue the fate of the aircraft being sold there, of these so-called private-commercial airplanes. It would be interesting to know, in fact, how many owners of Cessnas and Pipers are, in fact, also members of the Air Commandos.

Even if the licensing procedures are adhered to technically in the sense that no planes are sold to the military, such planes become available to the military and, most important of all, form part of the "security planning" of the Government. So we have the type of report I have here. Thus, the Cape Times Defence Reporter filed the following report in 1969:

SAAF AT NEW PEAK TO TACKLE TERRORISTS

The South African Air Force is being geared to a new peak of readiness to combat terrorists.

This was made clear in the Assembly yesterday afternoon by the Minister of Defence, Mr. Botha.

The two developments mentioned by Mr. Botha are these:

South Africa's more recent orders for aircraft are for those types designed to play an important role in unconventional (or guerrilla) warfare:

The Country's commando aircraft squadrons have now been transferred to the Air Force, and will number 240 pilots. The age limit of these pilots has been raised to 60.

The Air Force is being given greater mobility and will be better prepared to wage war against terrorists.

Mr. Botha did not give further details of the types of aircraft ordered, but according to the Defence White Paper, "a number of medium helicopters are also being acquired."

This is the sort of aircraft which provides rapid troop mobility in bushveld or mountainous terrain, and can also be used for reconnaissance and spotting.

The report also says that additional ground support aircraft are to be acquired. Light reconnaissance aircraft of the type which will patrol the coasts could in addition (though the report does not say this) be used profitably in the rough territory favoured by terrorists.

Volunteer civilian pilots using their own aircraft for commando work will now receive R10 a flying hour instead of R6. The State will provide free fuel and oil for any flight authorized by the commando unit.

Mr. Botha also declared that there were now five centers in South Africa where young men were being trained continually on a full-time basis to combat terrorism. The chief of these was the Commando Combat School at Kimberley.

According to the White Paper, the accent is on flexibility with the Army capable of switching rapidly between conventional and unconventional roles.

Mr. Botha said: "We have our methods by which we remain informed of the most recent approach of the terrorist onslaughts in the world."

Those terrorists would be the African population of South Africa.

Mr. Chairman, it is clear that it is simply not true that the provision of light aircraft to anyone in South Africa does not in any way

strengthen the military capacity of that country. This is so because of the very nature of the aircraft, and because mechanisms already exist, as we have shown above, for integrating these craft into the South African military force to be used against the freedom struggle of the people of South Africa.

Frank Harvey, in his book "Air-War—Vietnam," devotes a chapter entitled "The Death Bringers" to the role of "light civilian-type aircraft" like the Pipers, Beechcraft, and Cessnas now being sold in South Africa. I should comment that Frank Harvey is primarily interested in aircraft, not in politics. The original basis of the book was simply a set of articles written for air magazines and flying reports. He says:

The dominating figures in the Delta (and in fact all of South Viet Nam) are the forward air controllers. They fly around looking for signs of guerrilla activity in the little single-engined Cessna known as O-1 Bird Dogs. (These look and handle much like the Cessna 170, well known to civilian pilots.)

Harvey found that the "forward air controller in his small low-powered plane really runs the war. He has a terrifying fleet of planes and weapons at his beck and call." He also describes tests being done on a military version of the Cessna Super Skymaster, arming them with rockets and machine guns. In other words, it is not difficult to arm a civilian aircraft. These Skymasters are among the nine-model 1970 line of twin-engined Cessna planes available in South Africa.

Mr. Chairman, I have gone into great detail about the case of civilian aircraft because I think it illustrates very vividly the myth of the administration claim that it only allows the sale of planes and other equipment which does not increase South African military capability.

The pattern in relation to the sale of helicopters to South Africa is very similar. I do not think I need expand here on the crucial role of helicopters in anti-insurgency wars. They are the ideal weapon for use against guerrilla forces, and are recognized as such by the South Africans, who have used them in the past to transport troops to "trouble spots" in the Transkei and other areas.

Sales by U.S. firms include an amphibious Sikorsky-62 Helicopter and Hughes-500 helicopters, an "executive jet" type capable of flying 400 miles without refueling, and used extensively by the U.S. Army in Vietnam. I have appended a photograph right at the back of my statement. The Hughes-500 helicopter has just been introduced to the South African market. Its makers claim that it is the world's fastest executive jet helicopter. It can fly for 300 to 400 miles at 150 miles per hour without a refueling.

Some 1,600 military models of the Hughes have been sold to the U.S. Army for use in Vietnam, and have between them clocked 1 million flying hours. The Hughes retails at R80,000-plus, but Comair, the South African agents, think that they will be able to sell a large number.

The South African Financial Mail of October 10, 1970 carried a full-page advertisement placed by Bell Helicopters, Fort Worth, Tex., advertising the virtues of their 205A copter, and explicitly mentioning that "the Military calls it Huey . . ." Bell seems eager to expand its South African market.

Once again the State Department assures us that there would not be licenses for export of "helicopters which have a military configura-

tion or helicopters of any kind destined for use by the South African military or other security forces," but the use of helicopters in South African military operations including antiguerrilla training exercises set up for several thousand commando members, plus the expanding South African direct presence in Zimbabwe (Rhodesia), Angola, Mozambique, and Namibia indicate the potential use of any helicopters sold to South Africa.

Bell has also recently sold five helicopters to the Zambezi Development Office. These were assembled in Beira, Mozambique and are to be used for "logistic support" connected with the Cabora Bassa Dam. This sale indicates that U.S. policy toward the Cabora Bassa Dam is not symbolized by the recent Export-Import Bank refusal to finance a General Electric sale to the dam project, and we are back to having to consider seriously that despite the African pressure, the United States is involved again in support for the Cabora Dam project, against which there has been serious opposition throughout Europe and independent Africa.

In conclusion, Mr. Chairman, I must thank you and your subcommittee for your attention this afternoon. There are several issues of great importance which I have not even touched on, including the continued supply of military spare parts and equipment sold to South Africa worth, according to the Defense Department, some \$3 million annually; the testing by the United States of the Cactus ground-to-air missile developed by the French specifically for the South Africans; continued U.S. technical cooperation on matters as various as atomic energy, outer space, electronic development, and many others.

Finally, there is still the vast body of equipment, from four-wheel drive jeeps and radio transmitters to complex computers which now fall well outside the ambit of any arms embargo, but which can clearly play a strategic military role.

It seems essential that more information ought to be made available on the issues here raised and, above all, that the subcommittee, continuing its tradition of seeking to change policy, seek ways of insuring that what is now primarily an illusion become, in fact, a reality. There must be a full and total embargo of all equipment and technology which can in any way serve to assist the South African Government in its war against the people of southern Africa. We would suggest that:

1. Military patents and other military know-how should not be transferred by government or private agencies.
2. Foreign capital which goes into South Africa's armaments industry should be cut off, such as heavy trucks.
3. Skilled technicians should be discouraged from emigrating to South Africa.
4. Special training should not be offered to military and police officers from Portugal and South Africa.
5. Cooperation in the nuclear and space fields should be ended. This would include removal of U.S. tracking stations from South Africa.
6. Spare parts and repairs should not be supplied to maintain equipment sent prior to the embargo.

7. All items suitable for both military and civilian use should be embargoed. In particular, motor vehicles and light aircraft should be included.

Mr. Diegs. Thank you very much, Mrs. Davis, for your very enlightening testimony.

The United Nations conducted a study on industrialization, foreign capital and forced labor, referred to as the Gervasi study. It concluded that South Africa is a private enterprise economy in name only, and that the influence of the state is paramount. I was interested in your comment as an economist on that conclusion.

Mrs. DAVIS. I think it is increasingly true that state intervention, particularly in critical areas of the economy, plays a very important role. The whole iron and steel industry was historically developed by a state-owned corporation known as ISCOR. The search for oil, which is critical for South Africa's existence, particularly since she fears international sanctions, although she continues to tell the world she does not, is under the supervision of a state-owned corporation known as SOEKOR. There are a number of other such state-owned corporations, such as ESCOM, which supplies the bulk of the country's electric power.

So I think it is true that there is far more heavy state involvement in the actual running of critical industry than in a lot of other countries.

I should add that the railways, the harbors and the air system are all also state-controlled. There is no such thing as the number of private airlines that function in America.

Mr. DIGGS. The study went on further to point out that discrepancies in income, such as between whites and blacks in South Africa, are almost unknown in other countries with high levels of per capita income, and that economic development in South Africa is distorted.

Would you comment on that as an economist?

Mrs. DAVIS. Yes. I think that is perfectly true. I don't have with me, but would be glad to supply for the record, comparative figures for other countries.

In South Africa, there was a gap of 1 to 12 in the mining industry. In other words, a white mineworker would earn 12 times as much as a black mineworker. That is an extraordinary gap. In industry, the gap tends to run 6 or 7 times. That is well above the world average.

I would be glad to supply that in more detail.

Mr. DIGGS. We would appreciate that.

(The information to be furnished follows:)

DIFFERENTIAL BETWEEN WHITE AND AFRICAN WAGES IN SOUTH AFRICA

Ruth First, in a study entitled "Work, Wages and Apartheid" has shown that side by side with the heavy dependence of the economy on African labour and the rising number of Africans employed in key sectors of industry, especially in manufacturing, there has gone a monopoly of skilled occupations by the white minority. This is shown in the following table:

PERSONS ENGAGED IN SOME FORM OF SKILLED OCCUPATION, 1960

	Whites	Coloured persons	Asians	Africans	Total
Chemical workers.....	280, 838	8, 166	8, 199	19, 472	316, 675
Artisans and semiskilled industrial workers.....	258, 461	113, 515	26, 171	23, 948	422, 095
Total.....	539, 299	121, 681	34, 370	43, 420	738, 770
Percent.....	73. 6	16. 4	4. 1	5. 9	100

Source: E. G. Malherbe, *Bantu Manpower and Education* (Johannesburg, South African Institute of Race Relations, 1969).

With respect to wages, it has been shown that South Africa's 13 million-odd Africans who make up 67.9% of the total population, receive only 18.8 per cent of the nation's personal cash income. Whites who constitute 19.2% of the population receive 73.3 per cent of its income. The average income per head thus works out at R95 (\$133) a month for whites and R7 (\$9.80) a month for Africans. This means that on average, the *per capita* income of Africans is 6 per cent that of whites.

The huge differential between the average of whites and the average of African wages persists in the figures for different sectors of the economy. In manufacturing, Africans earn about one-sixth that of white workers; in mining, African earnings are about one-seventeenth of white earnings.

Sector of economy and years	Average annual white earnings (in rands) ¹	Average annual African earnings ²
Agriculture:		
1958.....	1,895.0	36.7
1964.....	1,283.8	60.0
Mining:		
1956.....	1,884.6	130.8
1967.....	3,668.4	202.0
Manufacturing:		
1955-56.....	1,621.5	387.0
1963-64.....	2,169.0	413.6
Construction:		
1954-55.....	1,463.0	268.7
1963-64.....	1,991.5	338.0

¹ A rand (R) is equivalent to \$1.40 in the United States.

² South African Bureau of Statistics, 1968 pp. H-34 to H-41 and H-63 to H-67.

The same yawning gap between white and African wages is shown by the average monthly earnings of white and African workers in the following seven employment sectors; these figures are for 1969 and, therefore, among the most recent available.

[Monthly averages in rands]

Sector	Whites	Africans
Manufacturing.....	262.0	48.0
Building construction.....	282.2	45.2
Commerce:		
Wholesale trade.....	244.6	47.6
Retail trade.....	129.7	37.5
Finance:		
Banking institutions.....	204.7	52.6
Building societies.....	226.8	49.2
Public service.....	211.4	36.1
Provincial administration.....	198.1	31.9
Local authorities.....	230.2	38.0

Source: 1969 survey of race relations in South Africa (Johannesburg, South African Institute of Race Relations, 1970), pp. 94, 106-108.

An examination of wage trends over recent years shows that although in absolute terms non-white wages have shown some improvement, nevertheless, the gap between white and African wages has been increasing rather than diminishing. The figures for the ten year period 1957-1967 show that the difference between average white and average African wages has increased from R120 (\$168) a month to R194 (\$271.60) a month.

	Average monthly wages (rands)		Percent increase
	1957	1967	
Whites.....	146	238	61.4
Africans.....	26	44	59.0

Source: Study by Anthony Davenport reported in Rand Daily Mail, Johannesburg, July 21, 1968.

In strong contrast to these figures are the statistics which set out the variations in wage scales between skilled and less skilled workers in Sweden; here, it can be seen, the average ratio is of the order of two or three to one.

VARIATIONS IN WAGE SCALES BETWEEN SKILLED AND LESS SKILLED WORKERS
IN SWEDEN

SALARIES OF TECHNICAL STAFF, FOREMAN, AND CLERICAL PERSONNEL IN THE MINING AND MANUFACTURING
INDUSTRIES IN SWEDEN IN AUGUST 1970

Positions	Number (men)	Amount	Number (women)	Amount
Technical staff:				
Leading positions.....	6, 298	6, 230	27	4, 803
Independent work.....	35, 082	3, 775	656	3, 157
Other technical staff (except assistants).....	19, 629	2, 663	828	2, 377
Technical assistants.....	5, 979	2, 220	2, 770	1, 973
Foreman:				
Leading positions.....	10, 728	3, 320	63	2, 610
Lower positions.....	26, 482	2, 822	609	2, 198
Clerical staff:				
Leading positions.....	4, 884	6, 207	57	4, 421
Independent work.....	23, 952	3, 805	2, 934	3, 009
Other clerical staff (except assistants).....	13, 232	2, 276	8, 182	2, 369
Clerical assistants.....	15, 530	2, 197	37, 283	1, 748
Salesmen and representatives.....	12, 436	3, 540	125	2, 682
Managers, directors, and superintendents (in charge of exhibitions).....	111	2, 696	114	2, 133
Other:				
Sales staff.....	233	2, 275	98	2, 003
Other staff.....	2, 245	2, 096	282	1, 357
Porters, caretakers, guards.....	2, 245	2, 096	282	1, 357
Educational, social, medical staffs.....	426	3, 040	571	2, 385
Forest, agriculture, garden staffs.....	1, 729	3, 260		

Source: Average monthly salary in Kronors, Statistical Abstract of Sweden, National Center Bureau of Statistics, Stockholm.

Mr. DIGGS. Are you familiar with the poverty datum line?

Mrs. DAVIS. In a way. I cannot give details here of how it is constructed, as in fact there have been several slightly varying such "lines." It is worked out as to what are the absolute essentials for the absolutes of life: Rent, food, minimum clothing.

Mr. DIGGS. Who sets it up?

Mrs. DAVIS. There is one classic one by the Johannesburg municipality.

Mr. DIGGS. Do wages paid by American companies come up to this line?

Mrs. DAVIS. No. I prefer not to speculate, but one can say that in a large number of cases they do not.

Mr. DIGGS. This U.N. study goes on further to say that South African Government policy forces the majority of its people to live below the level of subsistence while controlling almost every aspect of its life. I would like your views on that.

Mrs. DAVIS. I think it is true. It is interesting that the South Africans don't publish life expectancy figures for South Africans, although they do for other groups. It is known that the infant mortality rate for African children in some areas is almost as high as 50 percent. Now, that really comes close to a policy of genocide.

There are all sorts of ways that human beings do survive even in such an incredibly poverty stricken environment. But I think that if one could obtain data, it would be clear that African life is gravely shortened by the tremendous poverty.

I might comment that white life expectancy in South Africa, I believe, is among the highest in the world.

Mr. DIGGS. The U.N. study on South Africa shows its economy is critically dependent on Western capital; that foreign capital is very important to South Africa; and that this cannot be really measured quantitatively, since it is foreign capital that finances the purchase of sophisticated goods, especially machinery, which cannot be made in South Africa.

Your views would be appreciated on that.

Mrs. DAVIS. That is a little complicated to answer. South Africa traditionally has earned the foreign exchange that she needed to buy the equipment she could not produce internally by the sale of gold. That has also been a very solid source of foreign exchange. The projections on the future of gold disagree on the exact life of the gold mines, but it is generally agreed that the percentage of foreign exchange is going to fall fairly rapidly in the next few years, derived from gold.

So it is important for South Africa to find other ways of securing foreign exchange, and one of the ways she does that is expanding foreign exports. But I think it is true that she is grateful for all foreign capital that comes her way.

I would not go as far as to say the whole economy would collapse if she did not get such foreign capital, but it is certainly true that such foreign investment has played an important role in the rapid growth. This was demonstrated in the period after Sharpsville when there was a flight of capital, and a severe contraction in economic expansion. One only has to look at a chart to see that actually displayed.

Mr. DIGGS. You know that the United States is a participating member of significance in the International Monetary Fund. You further know that there was an agreement to put a floor on the price of South African gold in addition to buying certain amounts of South African gold to make up for prior policy, which had not underwritten the price of South African gold for a year or two. Are you familiar with that general statement?

Mrs. DAVIS. Yes, but, Mr. Chairman, I must admit that that is for very specialized economists. I would prefer not to get into that area in any detail.

Mr. DIGGS. I yield to the gentleman from Pennsylvania, Mr. Whalley.

Mr. WHALLEY. You say you were born and raised in South Africa and left there in 1966.

Mrs. DAVIS. Yes.

Mr. WHALLEY. Was there any particular reason why you left?

Mrs. DAVIS. My husband left there to come to work in the United States.

Mr. WHALLEY. In other words, not because of the system.

Mrs. DAVIS. Yes, but the point is not because I approved of the system, but because I disapproved and believe it is important to fight it, and I believe it is important to fight it wherever I am.

Mr. WHALLEY. What kind of legislature do they have in South Africa; a single house or double house?

Mrs. DAVIS. There are two houses by white election. All whites over the age of 18, with the usual qualification, have a franchise.

Mr. WHALLEY. Are the members all elected?

Mrs. DAVIS. Yes.

Mr. WHALLEY. What is the feeling or the opinion of the members of the legislature on the present South African situation? Is there a large percentage for the present system, or are they getting more and more toward a change?

Mrs. DAVIS. No. Let me explain. It is not a one-party system. There are a number of parties. The major parties are the National Party and United Party. They are all-white parties. There is one lone Progressive Member, Mrs. Helen Suzman. The only voice that ever speaks out on behalf of the black population at all, and this in not a very radical way, is that of Mrs. Helen Suzman.

There is no opposition to apartheid amongst the whites in that Parliament.

Mr. WHALLEY. Isn't it true that most of the members want to change the system?

Mrs. DAVIS. I am sorry. Perhaps you could explain the kind of change they would desire.

Mr. WHALLEY. Someone told me that it is getting to the place where more members every session want to change this situation themselves, because they feel it is necessary if they are going to continue expanding business.

Mrs. DAVIS. Well, in fact, the history of the last 15 years has tended to show the opposite. All legislation has become increasingly severe. That is all passed by a majority vote in Parliament. So I don't think that that assessment is a correct one.

Mr. WHALLEY. On page 6 your statement says:

Inquiries to the State Department produced an answer from the Commerce Department on the 14th of May which said that Mrs. Beech had been misquoted, and went on, "We continue to adhere strictly to the embargo, which, among other things, precludes the sale of military aircraft to South Africa for military purposes, including military training and reconnaissance. However, normal trade with South Africa in civilian-type goods for non-military purposes continues."

Has that ever been clarified with the Department of Commerce? Do they really mean that statement?

Mrs. DAVIS. Well, it is very difficult for me to know. One writes to them and gets back the same reply all the time. There is not a clear explanation, which is why I have appealed to the committee to get an explanation of exactly what that means.

It is not clear to me if they would be able to supply either military or nonmilitary aircraft to a South African agency or not. We have not had a reply from them as yet. I am not saying they will not reply, but we have not as yet had a reply.

Mr. WHALLEY. How much would a Piper aircraft cost? How many people could afford them, whether they are white or black?

Mrs. DAVIS. I would have to check the figures on this, but on a rough estimate, I would say that Cessna has sold 1,000 planes, and I believe Cessna has about 40 percent of the market, so there must be about 2,000 or 3,000 light aircraft flying.

One must remember the higher standard of living of the white South African in order to understand that.

Mr. WHALLEY. It was stated that they expected hundreds of thousands of small planes. Ford Motor Co. was going to build them. They found out they were not practical by mass production methods.

We had an incident a couple of weeks ago where Audie Murphy was killed in a small plane. Most people don't take the chance on riding anything but scheduled airliners.

Mrs. DAVIS. Yes, but I think in South Africa, with the great distances and not as dense a population, a lot of people use them. They are certainly used by farmers flying from one land area to another, and the farmers are probably the most avid commando types.

There is a feeling with the Afrikanes farmer that he must be constantly prepared to meet the onslaught.

Mr. WHALLEY. You said they charge them off in a 4-year period. I am not certain in this country what the depreciation would be. If they are anything like automobiles, this would be charged off pretty quickly.

Mrs. DAVIS. I inserted something because it was a comment by the South African financial papers that one of the reasons for the high ownership rate was that it could be quickly charged off.

Mr. WHALLEY. Do you think that the Department of State should clarify their statement?

Mrs. DAVIS. Yes, I think this is important, so one at least does know what they sell, and to whom.

Mr. WHALLEY. Do they object to that?

Mrs. DAVIS. They are just vague.

Mr. WHALLEY. In other words, you think the language is still vague?

Mrs. DAVIS. Yes.

Mr. WHALLEY. What can you do to change a plane that is sold for domestic purposes that could be changed? I suppose any plane could be changed from domestic to military by mounting a machinegun or something.

Mrs. DAVIS. Yes. It is apparently not difficult. Helicopters are particularly transmutable because actually you don't have to change anything. You simply put your soldiers in instead of civilians, and that is a military aircraft.

Mr. WHALLEY. If you don't have more success with helicopters than we have in South Vietnam because they shoot them down as fast as we get them over there.

Mrs. DAVIS. That is true, but I think the point we are making is that the continual reference is to those helicopters, et cetera, that this is as all civilian. And, in fact, they are potentially military equipment.

Mr. WHALLEY. Thank you, Mr. Chairman.

Mr. DIGGS. I want to thank you for your extensive research and look forward to additional information that you said you would provide for the record. Thank you very much.

Mrs. DAVIS. Thank you.

Mr. DIGGS. Mr. Joel Carlson was born and reared in Johannesburg, where he attended the university and studied law and practiced in South Africa for 17 years. He is an attorney for the Supreme Court of South Africa and is now in this country as a senior fellow at the Center for International Studies.

He has been a representative on the International Commission of Jurists, was an observer for the political trials in South Africa, and

has written and spoken on South Africa on subjects of violence, pass laws, apartheid, and is certainly considered to be one of the leading experts on South African society.

I would like to also welcome him among our distinguished witnesses.

**STATEMENT OF JOEL CARLSON, A SOUTH AFRICAN ATTORNEY
NOW IN EXILE IN THE UNITED STATES**

Mr. CARLSON. I am indebted to you, Mr. Chairman, for your kind words.

Mr. Chairman and committeemen: I attended the hearing of this committee on May 4, 1971, and was among those present who were privileged to hear your statement that day, Mr. Chairman. May I, with respect, refer to it. You say there:

"It appears the highest priority must be given for the search for racial and political justice in southern Africa."

At lines 17 and 18 of the same page you quote with approval President Nixon in his foreign policy report to Congress last February as saying: "It is for many the sole issue by which our friendship for Africa is measured."

As set out by you, the purpose of these hearings is to explore U.S. business involvement in southern Africa and the implications of this, and how this is consistent with American foreign policy and America's desire for racial and political justice.

In terms of South African law, Mr. Chairman, you and the other honorable members of this subcommittee are terrorists: The Committee on Foreign Affairs of the Congress of the United States is a terrorist organization, for did it not appoint you to carry on these terroristic activities?

This promulgated as law in South Africa "The Terrorism Act: No. 83 of 1967."

(The document referred to appears in the appendix, p. 583.)

If you refer, Mr. Chairman, to section 2, subsection 2, paragraph (F) and/or paragraph (L), you will concede, Mr. Chairman, that you are a terrorist, and so is this committee a terrorist organization.

You may not be aware of it, Mr. Chairman, but you are also, in terms of South African law, a Communist. Were you and your committee to carry out your duties and functions in South Africa, hear evidence and carry on your search there for racial and political justice, you and your committee would be detained and interrogated as terrorists under the Terrorism Act and charged, in the course of time, a year or two later, as terrorists, Communists, or other subversive agents. There are a number of acts which could be applied to you to punish you for your search.

If you, Mr. Chairman, as part of your investigation, entered Soweto, which is the black ghetto outside of Johannesburg, without a permit, or committed a traffic offense, this could be interpreted under the Criminal Procedure Act No. 8 of 1953 as a protest or support for any campaign for the repeal or modification of any law. The punishment is a whipping, or a heavy fine, or long imprisonment. In fact, students in a peaceful demonstration were accused of being in violation of that law just a few months ago.

From this it is quite clear that you, Mr. Chairman, your colleagues on the committee, and the Congress of the United States are Communists, terrorists, and political criminals. Every other Congressman, whether he knows about it or not, is equally guilty by virtue of the provisions enabling all to be joined in one charge as coaccused—section 5(c) of the Terrorism Act and section 327/8 of the Criminal Procedure Act.

Your guilt is presumed by all these laws—Act 83 of 1967, Act 37 of 1963, section 12(6)a as amended, of the Communism Act, and others.

You could then be held indefinitely in detention, in solitary confinement, incommunicado, specifically for the purpose of interrogation. You would have no right to bail. You could be kept at any place and brought to trial anywhere—sections 4, 5, and 6 of the Terrorism Act. On conviction, you would receive a minimum sentence. You cannot receive a sentence of less than 5 years imprisonment with hard labor, and you may be hanged.

Even the President of the United States, Mr. Chairman, must be careful, for to talk about “the search for racial and political justice” skirts the border of the permissible. But his status would no doubt protect him from being openly called Communist or terrorist by the racial regime in South Africa.

Status is important before the law there, as not all are equal before it. However, it must be borne in mind that the regime did not hesitate to ban U.S. Congressmen and even place visa difficulties in the way of visits by prominent Americans such as the late Senator Robert Kennedy. All these people may be fit and proper persons to hold high office in this great country, but in the opinion of the holders of high office in South Africa they are not fit to visit the South African police state without restriction or at all.

American leaders, Mr. Chairman, make too great an impact in South Africa and the regime is too insecure to permit people even to hear the words you yourself may have seen fit to utter. And so, Mr. Chairman, you were hindered in your visit and directly prevented from speaking to South African audiences.

To appreciate and understand the full horror of the monstrous laws allow me to direct your attention to section 6 of the Terrorism Act.

Mr. Chairman, I am not going to read this. It is handed in as a document. I will describe it. I submit, Mr. Chairman, this is the law of a security police regime gone mad with power. This law and others like it make the security police a law unto themselves. It places the security police above the courts, the Attorney General—above all. There is no doubt about that.

The police state was finally and firmly entrenched in power in 1967 under the Terrorism Act. This gave the security police full and arbitrary power to detain, release, or punish a detainee in solitary confinement, question him continuously and hold him indefinitely. They, the security police, determine what rights and freedoms a man may enjoy: they determine the punishment without trial a man need suffer, they determine the extent to which he may hold and express opinion, where and when and for how long he may be detained and

precisely under what conditions, they may make a man an informer, break his soul. In short, they have powers of life and death over anyone and all their power is exercised in secrecy and beyond any scrutiny—section 6 of the Terrorism Act No. 83 of 1967.

Perhaps I could briefly refer to that section which is subject 5 of section 6, which says:

No Court of Law shall pronounce on the validity of any action taken under the section or order the release of any detainee.

Subject 6 says:

No person other than the Minister or an officer in the service of the State acting in the performance of his official duties shall have access to any detainee, or shall be entitled to any official information relating to or obtained from any detainee.

In these circumstances and whilst these laws are enforced, a million people suffer imprisonment every year. Even now one hears from the lips of white racists in South Africa all about the new "outward policy," the new "enlightened policy," a need for dialog with neighboring black states. This comes, not unexpectedly, with offers of economic riches—bribes is a more accurate word—and corruption a simpler description.

These offers of a change in policy reflect that the racists in South Africa are feeling the pinch of isolation. As clearly as he has waxed fat all these years on apartheid, so now does the white racist wish to confuse those who are or who chose to be naive, create disorder amongst his real enemies, and delude those who are anxious to be deluded.

Mr. Chairman, as a man of integrity, if you went to South Africa, ascertained the truth at first-hand and advocated real and effective change—changing the economic, political and social structure of that society—you would surely run afoul of the Terrorism Act and the many other security laws.

It is my humble submission that all real and effective opponents of the police regime live and work under the fear of draconian and terrible laws. The security police act with no regard for civilized standards of decency. They act with ruthlessness and brutality and this has been shown time and again.

They are the real carriers of terror, and their violence and soul-destroying machinations have the sanction of law and the protection of the State. Individual rights and liberty, normal standards of conduct and decency have been cast out to insure the maintenance of the security of the State.

How many people have suffered degradation and death under these awful terror laws?

The number of deaths in detention is hard to establish. The police wholly deny their responsibility for the deaths of detainees. We know of the man who jumped to death from the seventh floor window of the interrogation room rather than face further interrogation. We know, too, of at least seven persons who according to police died in detention "by suicidal hangings."

We know of another death of which the police said the victim died as a result of "slipping on a piece of soap." Yet another died as a result of "falling in the shower." And another died, said the police, "after falling down steps."

The death of one detainee was reported in Parliament by the Minister stating, "An unknown man died on an unknown date of a cause unknown."

Have 10 died in this fashion or 20 or more? We don't know. Unknown numbers of people may die on unknown dates of causes unknown. They die and disappear.

Many of those who live have told me of their experience. They are detained in cells 8 by 5 feet. The cell is lit by an electric bulb which never goes out. A mat $\frac{1}{8}$ -inch thick, $2\frac{1}{2}$ by 6-feet long is the only furniture. In the morning an open sanitary bucket is brought in and left in the cell all day.

On top of the pail is the almost inedible corn porridge, cold, hard, and salted. No bread is given. Once a week a piece of meat is provided. The food is made in old gasoline drums and handed out with a spade on dirty plates.

Some detainees have gone without a wash or a shower for 6 months and more. These facts I have put before the authorities in court and they cannot be denied with conviction.

Detainees are regarded as terrorists, as prison wardresses told me time and again. Even while on trial they are treated as guilty until acquitted and even then they can and have been detained.

They may, if convenient to their guards, be allowed 30 minutes a day out of their cells—if the prison staff has time. It is not convenient on weekends, long weekends and public holidays to "allow them out."

I have seen men and women crippled, sterile, and crazy after their detention. I know of sexual crimes and seduction practiced on detainees.

I knew the dean of Johannesburg, the very Reverend French-Beytagh. He is sympathetic to the cause of racial and political justice for blacks. What happened to him? He was detained in Johannesburg in January under the Terrorism Act. He was charged under the Communism Act after his release from detention.

His trial is still pending. But the law, not the facts, will make him guilty. I wish you could have him here to appear before you. He could tell you whether he was detained in a cell 8 feet by 5 feet or a little larger. He could tell you whether he, too, suffered the electric light being constantly on, or that he could not wash or shave or smoke. He could tell you what he was subjected to despite the protection of his consul, his cloth, and his skin. He is a man in his 60's.

You in your wisdom must judge how such an act as the Terrorism Act can be the basis for the structure of a civilized society. Remember, this is the law there.

Consider whether in time of peace, when ministers of state extol the stability and security of the state and its great economic growth, the security police, or any police can be permitted unlimited, unbridled power beyond control of all but their own questionable judgment. Consider, if you will, whether if such arbitrary powers are necessary, why are they so necessary? What are they protecting? And from who is the protection required?

The answer, in my humble submission, is not hard to find. These barbaric laws are required to protect the maintenance of white suprem-

acy. White fanatics who believe in race superiority of a kind destroyed by this country in Nazi Germany in World War II wish to preserve their privilege, their profit, their very way of life.

This Prime Minister and the last Prime Minister boasted of their connection with Nazi Germany. They are threatened by the majority black population who are without a vote, and without a voice and who pay heavily in their cheap unskilled labor and in taxes. The white population numbers under 4 million. The black population is over 17 million people.

Is the continued existence of this white regime possible? Yes, but only with outside financial and military support. It will rule for a longer period of time before being overthrown. Without such support it will crumble quickly.

It is in this context that the regime struggles to hold a dialog. It needs support from outside. It needs friends beyond its borders. This is the real purpose, the real objective of its "dialog policy."

But, Mr. Chairman, to hold a dialog with men implies an exchange, an exchange based on reason, logic, tolerance—this makes good sense. It is a civilized way of conducting affairs. It recognizes and accepts the dignity and equality of men.

But you cannot hold a dialog with a man filled with racist prejudice, a man whose mind is blocked to reason and who rejects logic and tolerance. He is a racist and no white racist can accept the equality or the dignity of a black man he suppressed.

Finally, it must be understood that if the South African white racist could tolerate the black man, accept him as an equal and accord to him the dignity due to him, the need for dialog with the outside world would fall away. Dialog could begin at home at once, and achieve an immediate and peaceful end to all the problems facing South Africa.

I knew the late Chief Luthuli and Nelson Mandela, and it was entirely possible to hold discussions with them. The white race has chosen to act against them otherwise. The provisions of the laws outlined above make it impossible to work within the framework of the police regime. I think that statement bears repeating.

The provisions of the laws outlined above make it impossible to work within the framework of the police regime.

The Terrorism Act prohibits any real effective change. The motivation of those seeking a change within the framework will not be readily accepted by the white racist, but he will tolerate it only as long as no real change is threatened. The racist is well-armed and able to crack the whip when he wants to. The law must be obeyed and the investor can now be held to ransom. The Terrorism Act will not be withdrawn.

Now, will the investor change the migratory labor laws, the pass laws, the prohibitions on trade unions, the breaking up of family life, the treatment of men and women as labor units, the encouragement of prostitution and homosexual practices. The investor will shut his eyes, as he always has, to death by starvation, to death by preventable disease. The mortality rate of the young is high amongst the "superfluous appendages," called "nonproductive" labor units; that is, the young children and the old men and women who cannot serve as labor units.

The investor cannot and does not want to change these laws for apartheid makes great profits. It is a matter of history that the vast economic exploitation has widened, not narrowed, the poverty gap. The whites are made richer; the blacks are made poorer.

Mr. Chairman, bearing in mind that under 4 million whites oppress over 17 million blacks, how long can the regime last without outside support? There are 17 million potential black terrorists opposed to the white racist regime. They are angry, frustrated, and are impatient for change.

The Terrorism Act declared war on change. No matter how great the power of the security police, or their advanced techniques, they are numerically insufficient in number and too thinly spread to resist a total uprising. The underground is active and increasing its members every day. The people lend it all their sympathy and support. There is no doubt in my mind that the regime will be overthrown.

The important thing is: What, then, Mr. Chairman, will be the position taken by the United States? As far-sighted Americans I ask you to formulate a policy now which can be adopted immediately when these events occur.

Consider whether America will rush in arms and troops to bolster the falling white regime and "protect American lives and property." Consider whether you should warn investors that they continue "at their peril" to enjoy the huge profits they receive from apartheid. Consider, too, Mr. Chairman, the conduct of America's representatives in South Africa.

First, this month it is reported that the U.S. Ambassador, whose appointment was made only after hesitation, reversed a policy and practice encouraged by four previous Presidents. This month, so it appears, he closed the doors of his Embassy at an Embassy party to black South Africans. The advantage to him of this action was that he secured the attendance at this party of two or three senior white racists who refused to come if blacks were present.

I submit humbly, Mr. Chairman, that your committee should seek ways and means of summoning this Ambassador to appear before you so that you can inquire into this and establish the facts for yourselves, and take such action as you deem necessary.

Second, in the matter of your official representatives in South Africa the American Government, through its representatives there, practices race discrimination. I know of no black ever employed in South Africa on the permanent staff of the Embassy. No matter how lowly or highly placed, it seems no black American is fit to serve his country in South Africa.

Third, the same practice is carried on by NASA. Why, one wonders, does NASA not carry on its functions in Lesotho, in Swaziland, in Botswana or Zambia? Why must it work in South Africa at all? It will be appreciated, Mr. Chairman, as an aside, that in all of these other countries they could have the facilities and be able to track as effectively as they do in Johannesburg or Pretoria or Bloemfontein.

Fourth, the stated policy of this administration is that it neither encourages nor discourages investment by Americans in South Africa. You will recall that this is what Mr. Bob Smith said at the end of last month. Then why are there commercial attachés in South Africa with a full staff and library? To whom are they supplying information about fields of investment, and whom are they serving?

Finally, Mr. Chairman, the American people rightly consider themselves world leaders. For some time now America at home and abroad has a stated policy of nondiscrimination—racial discrimination is outlawed. Your Civil Rights Act of 1964 is one of many laws prohibiting racial discrimination.

May I say as an aside that staying shortly, as I have been, in New York I am deeply appreciative of the lack of racial hostility and of the integration that goes on with such harmony in the States when I had been led to believe that there was so much more disharmony than, in fact, I have noticed in my short stay here.

The only country in the world legislating the enforcement of racial discrimination in practice is South Africa. It is in a unique position in this respect. Yet it seeks American support and investment.

In your statement, Mr. Chairman, you mention the amount at present invested by America in South Africa. It is 1.2 percent of the total foreign investment, but this constitutes 13 percent of South Africa's foreign capital investment. Can this be allowed to hold to ransom American foreign policy and smear the American image on the question of racialism?

I submit with respect, Mr. Chairman, that this committee might seek ways and means of having an act of Congress passed to insure that no American investor be allowed to practice racial discrimination in employment anywhere. He cannot practice it at home and he should be obliged to carry his home practices abroad. Enforce stated American policy on all Americans for the sake of racial and political justice and the dignity of man.

It is my submission that all steps that can lawfully be taken should be taken to end forthwith, and with all deliberate speed, the practice of racial discrimination by Americans anywhere.

Thank you, Mr. Chairman.

Mr. Diggs. Thank you, Mr. Carlson.

Mr. Carlson, what can business do to help their employees with respect to their difficulties under pass laws?

Mr. CARLSON. Mr. Chairman, all businessmen, whether they be South Africans, British, French, or Americans, must accept the laws in South Africa. That is the terrorism law and all the other laws.

So they are severely limited by the structure of the laws. They cannot alter one whit the Terrorism Act, any of the pass laws, any tax laws, any of the migratory laws. All they can do is to pay the fines of all those people arrested. All they could do to end the starvation is to pay wages that they would pay at home to the same employees.

They could not do this and make the same profits. They would have to set up, if they wanted to, an intricate system of legal aid to pass offenders.

Mr. Chairman, the Justice Minister, Mike Mitchell, in Parliament in 1970 disclosed that in the previous year 1,770,662 Africans were arrested under the pass laws. The average figure is around 1 million; sometimes it is less than 1 million and sometimes double that.

Mr. Chairman, visualize how do you help coping with these arrests? It is beyond imagination. You can only scratch on the surface and help those few fortunate people whom you happen to know are arrested. You would have to set up a bureaucracy of finding out what happens to

people when they disappear, of phoning sometimes 40 police stations before you can track them down.

The practical capabilities of this are enormous. I have done this. I have worked at it. I have had pass cases all my life, and I am familiar with this and that is why it is not feasible unless you would have a corporation spending millions, doing nothing else than providing legal aid, and you would scratch the surface and make it more difficult for a few hard cases to get relief.

What does this achieve—no real benefit. You would help the Tom, Dick, or Harry, but how about the other 2,497 people arrested that day? Because the average number of people arrested each day is 2,500 blacks arrested under the pass law.

Mr. Diggs. What are the outer limits that business could go to help the educational situation of their African employees?

Mr. CARLSON. Again you have to work within the Bantu Education Act. I think your committee already knows that whereas the figure of 114 rand is spent per annum on enforced education for white children, something like under 14 rand is spent for black children.

Verwoerd himself said, "black children must be educated to be drawers of wood and drawers of water." If you look at the figures of black children in school, well over 90 percent are in the first four grades. There is not one black teacher in South Africa who has a full education degree. Some have matric, more have standard 5 or standard 6 and the vast majority of children have an inferior education in an inferior atmosphere in schools that have two and three shifts a day.

It is again scratching at the surface. Polaroid has given \$250,000, I think, or rands, I am not sure—but it is irrelevant. First, it is not a generous gift, but second, it is irrelevant. They will have to have people receiving an inferior education with people who cannot really teach them. If Polaroid said, "We will establish a secondary school to teach teachers to put the emphasis on higher education so that black teachers could give a proper education to blacks," they would be stopped. But the Government doesn't mind sharing its burden with Polaroid for more inferior education.

What would \$250,000 mean to a population of 2 million blacks who are going through the first three grades? Would it mean instead of spending 13 rand, you would spend maybe 20 rand for a child when you think that 114 rand is spent on white children?

Mr. Diggs. Did you have an opportunity to talk with the Polaroid delegation that visited South Africa?

Mr. CARLSON. Yes, I saw Mr. Wyman, who gave evidence here, and I met all the members of the committee. My impression was that when they were there, they would advocate a boycott and a total withdrawal from South Africa. They regretted, they told me, that they could not leave South Africa and announce it then and there.

They would have to come home and report to the president before they could make such an announcement. In fact, Polaroid has never had an investment in South Africa. It has never had control on the production there.

I took Mr. Mandela's sister to the pass offices and I got her picture in only 2 minutes. Polaroid has no control over the use of their products and, therefore, they could be highly principled and make a stand

of integrity. They chose not to. They justified this on the basis that they would help.

I doubt that they will help. I doubt that the right options were given to the 20 or 30 employees who might have lost employment through the Polaroid action to boycott, those employees work for a distributor who sells six or 10 or 20 other items of photographic equipment.

Anyhow, if Polaroid would have said to those 20 or 30 blacks, "We agree," as they have said to us, "that you have been underpaid \$20 or \$30 a month since we started in 1938, that means \$120 a year per person; by 10 years, that is \$1,200, and for 30 years multiply by 30. If they took this and said this is blood money we have sucked out of you, we are prepared to give you a cash down payment of say \$5,000," I know what the blacks would do.

I will say this: The majority of blacks are particularly politically conscious and don't want the handouts and the charity. Some of the leaders sponsored by the Government say that they prefer not to lose the investment, not to lose the jobs. But the majority are frustrated, they are angry and they want a quick change. They are prepared to make sacrifices.

Mr. Chairman, as a black, if you went there, you would learn local blacks have nothing to lose. They could not be living more badly. They are mostly living under the poverty line. What have they to lose? They live \$5 or \$10 below poverty datum. The starvation, the diseases, this speaks for itself.

I spoke to Judge Booth, who went down into the Transkei, and said in certain areas the infant mortality rate for children of under 1 year of age is 50 percent. Fifty percent! Now this is not general and one must not exaggerate.

In some areas only 40 percent of children die before reaching age 10. In other areas it is higher. What more does a mother and father have to lose than seeing the mother die, the father die, the child die? Where the options are so horrible, they have nothing to lose, Mr. Chairman, and the paltry help that the 1.2 percent of your investment gives matters not really much to the majority of the blacks.

Mr. DIGGS. Just one final question. What would be the reaction in South Africa if the bill now pending before the Senate Finance Committee to continue an allocation of our sugar quota was defeated?

Mr. CARLSON. They would give three loud hearty cheers, without a doubt. The blacks would give three loud hearty cheers if the sugar quota, a privileged and charitable gift that you make to the white goldmines—this is what sugar is—were defeated. There is no doubt about this.

Mr. DIGGS. You are acquainted with ASECA?

Mr. CARLSON. I am.

Mr. DIGGS. Could you give us some information about that organization?

Mr. CARLSON. ASECA was recently formed. It had the support of the South African Foundation and of Polaroid. It is hardly a year old, I think. It seeks to do what many other similar organizations have been doing in South Africa for some time, invest funds in improved schooling. It started before the Polaroid drew up their proposition. It

started with a couple of Uncle Toms from Soweto who were on the "Bantu advisory boards" these were pro-apartheid in their policy. Polaroid policy is designed to supplement the present system and to take away from the previous education boards which were established by people who are really more interested in proper education for blacks and not "Bantu education." ASECA is not really interested in secondary education, as such. But only "Bantu education."

I don't want to say it will do no good. I suppose it may be useful for people to learn to read and write. But it is not education. I would prefer to give the aid to feed mouths of starving children because I think it is more useful for people to live than die.

For all the effect it will have on the education of blacks, I would prefer that the money given to ASECA be given to the hospitals to stop the diseases; TB, kwashiorkor, and death.

Mr. DIGGS. Does counsel have any points of clarification of either of the witnesses?

Mrs. BUTCHER. Mr. Chairman, I would like to request that the Ger-vasi report, the U.N. study on Enforced Labor and Industrialization be made a part of the record.

Second—

Mr. DIGGS. Without objection, it is so ordered.

(For report, see appendix of Part II of these hearings.)

Mrs. BUTCHER. The witness gave the reaction of the blacks in case of the termination of the sugar quota. I would like to know what the reaction of the Government might be.

Mr. CARLSON. The Government would, of course, see this as a slap in the face. It seeks approval by having certificates of respectability granted to it. This would be the opposite and the Government would be hard hit and the industry would be hard hit by your refusal to grant them a further sugar quota.

Mrs. BUTCHER. We often hear reference to the taxes which the Africans must pay. I would assume the whites pay taxes, too. Are the taxes levied equally on people making the same low income? What is the tax situation with respect to Africans both in places like Soweto and on the reserves and the mining camps?

Mr. CARLSON. The position is that blacks are, in effect, taxed more heavily than whites. For instance, I am talking from memory, but the whites are only taxed when they earn about 720 rand and they have all sorts of tax compensations. Blacks are taxed whether or not they earn 1 rand per annum or 50 or 500, but they are also all taxed on a sliding scale, starting at 300 or 360 rand. Blacks pay earlier, along in the scale and all blacks pay taxes irrespective of the scale. In addition to the tax they pay all sorts of levies, hut taxes, wife taxes, et cetera. They pay for Bantu education and the like so that blacks pay pro rata much more heavily than whites, and of course remember they have no representation whatsoever in the wholly white Parliament.

Mr. DIGGS. The subcommittee stands adjourned until the call of the Chair.

(Whereupon, at 5:45 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.)

U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

WEDNESDAY, JUNE 30, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON AFRICA,
Washington, D.C.

The subcommittee met at 2 p.m., in room 2200, Rayburn House Office Building, Hon. Charles C. Diggs, Jr. (chairman of the subcommittee) presiding.

Mr. Diggs. The subcommittee will come to order.

Today the subcommittee resumes its hearings on U.S. business involvement in Southern Africa.

In our comprehensive, in-depth inquiries on all aspects of such involvement, both private and public, the subcommittee has sought the views on this subject from representatives of various organizations and groups and from private individuals, both Americans, South Africans, as well as other concerned persons.

The subcommittee has sought to be informed on the variation in outlook of the many persons interested in the question of U.S. business involvement in southern Africa, both from the viewpoint of U.S. foreign policy interest, and from the standpoint of the welfare of the majority of the people in southern Africa.

The basic purpose of these hearings has been to secure information on all pertinent aspects of this subject. Thus, the deliberations of the subcommittee may proceed from an informed basis on the extent, scope, and nature of U.S. official and commercial involvement in southern Africa and in particular on their employment practices and policies.

The subcommittee has attempted to gain insight into the legal, social, political, economic, and health and education setting in which U.S. business in southern Africa must operate.

Our two witnesses today, the Episcopal Bishop of Washington and a New York City judge, have recently returned from a trip to South Africa with deeply felt impressions on the society in which South Africans live and work and in which U.S. business there must function.

The subcommittee appreciates their coming today to share these experiences in South Africa and their reflections upon them with us.

The Right Reverend William F. Creighton, Bishop of Washington, will be the first witness, and we will enter in the record at this time without objection the background of Bishop Creighton.

**STATEMENT OF BISHOP WILLIAM F. CREIGHTON, PRESIDING
BISHOP OF THE EPISCOPAL CHURCH OF WASHINGTON, D.C.**

BIOGRAPHY

Born: Philadelphia, Pennsylvania, July 23, 1909.

Family: Father, the Right Reverend Frank W. Creighton, Missionary Bishop of Mexico and Bishop of Michigan. Married Marie-Louise Forrest of Philadelphia, June 2, 1934; Three sons: Wendell, Michael, and Maxwell.

Education: Attended the Albany Academy, Albany, N.Y. and Brooklyn Polytechnic Preparatory School, Brooklyn, N.Y. Graduated from the American School, Mexico City, 1927. B.A., University of Pennsylvania 1931, S.T.B. Philadelphia Divinity School B.D. 1934, D.D. 1957, D.D. Virginia Theological Seminary, 1959, L.H.D. Rikkyo University, Tokyo, Japan, 1964.

Ordained Deacon by his father in April 1934. Ordained Priest by Bishop F. B. Bartlett in November 1934.

Parishes: Missionary in charge of Oakes, Ellendale, and Guelph, North Dakota, 1934-37; Rector of St. Clement's Church, St. Paul, Minnesota, 1937-43; Chaplain U.S. Navy, 1943-46; Rector of St. John's Church, Norwood Parish, Bethesda, Maryland, 1946-59.

Consecrated Bishop Coadjutor of the Diocese of Washington, May 1, 1959.

Installed as Bishop of Washington, November 1, 1962.

Bishop Creighton serves on the Board of Directors of Virginia Theological Seminary and Philadelphia Divinity School and is a member of the House of Bishops' Committee on Christian Education, Committee on Counsel to Clergy and the Theological Committee. He is Chairman of the Board of the Church Pension Fund, Episcopal Church Home, House of Mercy and the Episcopal Center for Children.

Bishop CREIGHTON. Thank you very much, Mr. Chairman.

The issue that dominates all else in South Africa is the practice of apartheid.

The presence of American firms in South Africa, therefore, raises serious moral questions.

I was in South Africa from May 25, 1971 to June 3, 1971, for the purpose of auditing the trial under the act for the Suppression of Communism of Dean Ffrench-Beytagh.

I was accompanied by Judge William H. Booth of New York City and by Dean Sayre of the Washington Cathedral. We had opportunities to talk with a variety of South African citizens, black, white, Coloured, and Asian, visit the offices of the Black Sash, the Christian Institute, and the Institute of Race Relations.

We saw something of the oppressed life of black and Coloured people in Soweto and other townships near Johannesburg, visited resettlement areas, and spent some time in the Transkei, the largest of the Bantustans.

In the Transkei we were able to meet with the principal ministers of the Government and to attend a session of Parliament.

With regard to the presence of American business firms and industries in South Africa, it is my impression that withdrawal is not likely to occur. It is probable that the South African Government would nationalize industries rather than permit them to withdraw and it is true of many of the firms that they are working through South African subsidiaries using South African capital.

The best information we could obtain is that the American investments are returning interest of somewhere between 14 and 40 percent.

The economic officer at our consulate in Johannesburg said at least 14 percent, the Institute of Race Relations says 17 percent.

It is also my impression that the pressure for withdrawal brought upon the American firms chiefly by the churches in the United States is not sufficient to force their disengagement.

The arguments in favor of inducing American investors to pull out of South Africa are, first, that it would have the effect of injuring the South African economy to such an extent that the practice of apartheid would be altered.

Second, it is believed that South Africans are very self-conscious about their relationship with the United States and would therefore reconsider their present policies if a number of American firms did withdraw.

Third, there is the matter of the immorality of American investors making a profit from what amounts to a slave labor system.

The arguments for continuing American investments in South Africa are first of all the very considerable number of black and Coloured workers who are dependent for employment upon our firms.

A second argument is that it is advantageous for us to have an effective pipeline into the heart of the South African economy, and that through such a pipeline we can effect changes, that our firms can set an example in wage equalization and the upgrading of black workers.

A third argument is that if there is a favorable political change we should wish to be there to take advantage of it.

With regard to the American presence and the question of withdrawal, it is my opinion that this does not present to us an open option. If American firms could disengage the South African part of the investment would still remain and the vacuum would very quickly be filled by other foreign investments such as the Japanese and West Germans.

During 1969 U.S. investment increased by 8.5 percent, but it is important to note that \$50 million was available locally in South Africa for reinvestment while capital outflow from the U.S. was only \$6 million.

We believe that outside pressures, unless they should become the policy of our Government, are insufficient to force withdrawal.

I do not believe that the economy or the practice of apartheid would be seriously affected by American disengagement even if it could be accomplished.

On the other hand our presence there is a very serious U.S. moral problem, and the rich returns from our investments cannot justify the acceptance of South Africa moral standards.

Therefore, I believe that the church, labor, and hopefully the State Department, should continue to put pressure on American firms operating in South Africa to prod their consciences and to keep them continually alert to their moral responsibility and to the ambiguity of their presence. American fair labor practices and American concepts of justice cannot be put aside as inapplicable as soon as a business firm goes overseas.

There are specific pressure points that I believe can be forcefully called to the attention of the American firms:

1. There are only 76 top American executives in South Africa, most of the men in management positions being South African citizens or Europeans.

The Americans working in South Africa should be carefully selected not because of their willingness to work under apartheid system, but because of their opposition to it and because of their willingness to work against it.

2. There is a great difference in South Africa between the law and the republican government's policy and practice.

It may be necessary for U.S. firms to observe the law but they do not have to accept the Government policy or South African industrial practices.

As an illustration, job reservation is written into the law, wages are not. Thus an American firm may have to conform to job reservation but it is possible to equalize and to vastly improve salary scales and to pay equal wages for equal work.

3. Within the law it is possible to request and obtain exemptions, often on the excuse that white labor is not available to fill a reserved position.

Once an exemption is obtained it is possible to retain it and all kinds of daily humiliations suffered by black and Coloured and Asian workers can be ameliorated by decent employers and by the acceptance of presently oppressed people as human beings with normal human needs. This applies to eating places, sanitary facilities, health facilities, and much else.

4. In the areas of pensions, insurance, health facilities, and living conditions employer firms can exert a great deal of influence both by fair practices within the company and by representing their workers.

A case in point is an American firm which is endeavoring to obtain refrigeration in a black township, believing that the frightening infant mortality rate is in part a result of lack of refrigeration.

5. American firms must be willing to sacrifice some of their very high income, the highest interest rate earned by any overseas investments, and must be willing to plow it back in an effort to improve the conditions of the workers, and especially for educational opportunities which are unbelievably inaccessible to black people.

Finally, I believe it to be true that the black people in South Africa have been discouraged and have remained remarkably patient in part because they have never had an opportunity to develop self confidence or the assurance that can come of the utilization of their natural intelligence and skill.

Giving responsibility to black workers and providing decent wages and improved living conditions can assist in giving them the confidence necessary to control their own destinies.

In a rigidly controlled police state it is difficult, short of the gaining of a franchise, to know how apartheid can be defeated, but some progress can be made toward the development of black self-confidence, and I believe the future must lie with the black people.

It is my opinion that any violent solution is not probable because of the immense strength of the South African Armed Forces and the presence all through the life of the nation of police and informers, and because of the separation of the people through the practice of apartheid and by language and tribal differences.

South Africa is a very isolated country with very little opportunity for its oppressed people to have outside contacts.

I believe that any bridges that can be built between South African workers and workers in the free world, between churches, can be supportive of the South African people and can again give them more confidence in their ultimate destiny.

Such communication is difficult because of police reprisals and because of the rigidity of the system and because of the banning of liberal institutions, but I believe that if the initiative can be taken by us in the United States it can be effective in changing attitudes especially with South African young people, both white and nonwhite.

Mr. Diggs. Thank you very much, Bishop Creighton.¹

Our next witness will be Judge William H. Booth of New York City.

Judge Booth, do you have a prepared statement? First of all, we will submit for the record your biography at this point.

STATEMENT OF JUDGE WILLIAM H. BOOTH OF NEW YORK CITY, N.Y.

BIOGRAPHY

William H. Booth was appointed Criminal Court Judge on February 4, 1969, after having served as Chairman of the New York City Commission on Human Rights since February 1, 1966.

Mr. Booth also served the city government as Chairman of the Jamaica and Corona, Queens, branches of the Mayor's Urban Action Task Force.

William H. Booth was born in Jamaica, New York, on August 12, 1922. He attended Public School 116; Shimer Junior High School; and Jamaica High School, all in the Borough of Queens, New York. He graduated with honors from junior high school and was elected to the honor society, Arista, while in high school.

He was graduated from Queens College in 1946, and was on the Dean's List of honor students. He received the LL. B. Degree from New York University Law School in 1949 and the LL. M. in 1954.

A veteran of World War II, Mr. Booth served in the army in the United States and Italy during 1943-1946. He attained the rank of Master Sergeant while in military service.

Admitted to the New York Bar in 1950, Mr. Booth practiced in the New York courts for 16 years. He was admitted to practice in the Supreme Court of the United States in October, 1956.

His organizational activities include:

Member, National Board of Directors, NAACP; member of the Board of Directors of the Proctor Hopson Post of the Veterans of Foreign Wars; member of the Queens County Bar Association; member of the Brooklyn and Long Island Lawyers Association; President of the Professional Chapter of the St. George Association; vestryman at St. Stephen's Episcopal Church of Jamaica, Queens; member of the Board of the Episcopal Church Foundation and of the Long Island Episcopal Charities Appeal; and of the Medger Evers Foundation. Also, board member of the N.Y.C. Urban Coalition, of the Episcopal Church Army, and of the Jamaica Planning Committee.

He has formerly been President of the New York State Conference, NAACP; President of the Jamaica Branch, NAACP; Legal Redress Chairman of the Jamaica Branch, NAACP; President of the Criminal Courts Bar Association of Queens, Inc.; Chairman and Secretary of the Local School Board, District 50; member of the Board of Directors of the Merrick Community Center of Queens; member of the Board of Directors of the Queensboro Council for Social Welfare; member of the Board of Directors of the Queens General Hospital

¹ See page 588 of the Appendix for Memorandum to the Presiding Bishop by William F. Creighton regarding his visit to South Africa.

Group; member of the Queensboro Society for the Prevention of Cruelty to Children.

For five years, he has taught Human Relations at C.C.N.Y. School of Education. Also formerly with the New York Neighborhoods Council on Narcotics Addiction (affiliated with the Community Council of Greater New York); area chairman in Boy Scout fund raising drives; member of the Queens Urban League Board of Directors. He has worked with the Police Athletic League and as an instructor in Civil Defense and has also served as Editor of the Liberty Civic Association Newsletter.

Mr. Booth has served as Vice President of the Progressive Republican Club of the 11th Assembly District (Queens, New York) and was formerly a County Committee member as well as Secretary of the County Committee, 11th Assembly District, Republican Party.

Mr. Booth has received over 80 awards for his public service.

Mr. Diggs. Now, Judge, do you have a prepared statement?

Judge BOOTH. I will submit my statement, Mr. Chairman, for the record.

STATEMENT ON SOUTH AFRICA BY JUDGE WILLIAM H. BOOTH TO CONGRESSIONAL SUBCOMMITTEE—JUNE 30, 1971

As a criminal court Judge in New York City, and former City Human Rights Commissioner, it may seem unusual for me to appear here to testify about South Africa. However, I appear, since recently I spent ten days in South Africa as one of two observers for my church, the American Protestant Episcopal Church, at the trial in Johannesburg of the Dean of the Anglican Cathedral there. Those 10 days sped by all too swiftly but their experience gave me a few solid impressions.

Of course, I don't appear before you as a ten-day wonder; I could not possibly have absorbed enough in ten short days to become an expert and to offer you solutions to the mighty problems confronting you. My observations, however, may be taken by you and, together with all the other testimony you've taken, may help you in formulating legislative action. The report I hand you has the details of our trip; I shall, therefore, only highlight them here.

First, there is a considerable public relations effort by South Africa to change its image. Witness, for example, the news story that penalties have been lessened for "pass law" violations. If you examine it closely, however, you will see that the new "relaxation" is merely a tightening of the vise for now, the black man who is allegedly in the wrong place at the wrong time is sent to an administrative office instead of a court where, in effect, his labor is to be sold to the lowest bidder. The government will now have a better-controlled labor market.

Another example of South African Public Relations, is the call for "dialogue" with black African nations. To the democratic-oriented American, this sounds logical and civilized. But, thank God the O.A.U. saw through it and voted against such "dialogue". They said by a vote of 3 to 1 that such "dialogue" would be meaningless unless apartheid were to be discussed and unless South Africans were to be included in the talks. Some ten nations, out of 41 in the O.A.U., believe the dialogue would be worth while; of course, since these are the smaller, weak nations the value to them would be in the economic advantages, the bribes, offered by the South Africa government.

The New York Times printed a letter which supplies us with another public relations ploy. The writer suggests that U.S. cannot throw stones since our policies in the past have been inhumane. Then, he says that "apartheid" no longer has meaning, that the present policy is "separate development". Besides being a horrible play on words, "separate development" takes me back to 1896, Plessy vs. Ferguson "separate but equal"; the 1954 doctrine of Brown vs. Kansas rings loudly in my ears—"separate is *inherently* unequal!"

If you could have seen with me the "separate development" area of Dimbaza, in southern South Africa, you would be reinforced in the Brown decision. I saw in Dimbaza, the graves of 38 little children, under the age of one year, all of whom had died in the previous month, of malnutrition. I saw 62 more open graves—waiting for infants to die in Dimbaza, the "resettlement or Homelands area" where black are sent to "separately develop". Fifty percent of all children born in Dimbaza die of malnutrition before they reach one year of age. And the parents decorate their sorry little graves with milk bottles, rattles and other toys so they will be happy in death as they were unhappy in life.

A cruel propaganda hoax is played by South Africa in its slick, color book entitled "Prison Administration in South Africa". This costly fraud contains pictures of Leeukop Prison, for black prisoners, a facility which I visited. The pictures show beds, with blankets, sheets, pillows in a dormitory for prisoners—together with good lighting, desks, and *no overcrowding!* But, what I saw in Leeukop was just the reverse. I saw cells, 30' x 30', in which 35 to 40 prisoners were cramped, spending long terms, with no beds, no desks, no lights, no furniture and no facilities except one open toilet bowl and a water tap above which serves a dual purpose flushing the toilet bowl and drinking out of cupped hands! These prisoners sleep, night after night, on small pieces of cloth, 3' x 6', laid directly upon the concrete floor. And when the prison director, Col. Pretorius, called to ask them how they were doing, *of course* they answered in chorus, "Fine, Colonel".

The South African is proud of his judicial system. And it seems true that "justice" is well administered. But, the law that is administered is bad, is inhumane, and is unconscionable. Consider that a man can be arrested by the police on mere suspicion and *held, without charge*, for 180 days, 6 months. He can then be released, and re-arrested, on mere suspicion, and without charge, for an additional 180 days or, consider some laws there under which detention without charge can continue *without end!* Consider, further, that Parliament there has proclaimed that no court may intervene to determine the reasonableness of such detention, or to set bail!

Finally, consider the Bantu Commissioner's Courts which administer pass law violations. At one of them in Fordsburg, we were detained so as to keep us from seeing their full operation. But, because of the over-crowded calendars—1900 are arrested daily for pass law violations—the defendants are herded through like cattle! Joel Carlson has estimated that each defendant is given 20 seconds for charge, trial, decision and sentence! Parenthetically, the few black lawyers in Johannesburg illegally occupy their offices since no black man is allowed to "occupy" urban space—and "occupy" is broadly construed to include office space. Even in court, the black lawyer must sit at a separate table! And the finding of contempt against one such lawyer who refused such separation was upheld on appeal! Lawyers who desired to talk with me at a luncheon were refused service at two restaurants, and had to settle for a luncheon date in the office dining room of a client!

Hope for South Africa's coming into the community of nation lies in three variables:

1. The evident, almost-complete freedom of the South African English-written press;
2. The awakening of the young South African; and
3. The concern of the outside world.

On the last point, it seems proper for all the institutions of American society to concern themselves, and communicate with, the corresponding institution of South African society. "International" unions here ought to be organizing South African workers! American business ought not to rely upon the stated opinions of their resident South African thought-oriented American managers and directors; American business ought to practice in South Africa the same "equal opportunity" code preached here. "Compliance" offices have been established for American corporations operating here—an extension of such offices to South Africa is urgently needed. American churches ought to come out of the sand and communicate with South African churches, etc.

When I was president of the New York State Conference of Branches, NAACP, in 1965, we developed a program whereby each of our 65 branches "adopted" a Mississippi NAACP branch. This project was successful; it may very well be adapted to use by American fraternal and service organizations here today; none of us here can survive long if one of us, a piece of the same humanity, is suppressed elsewhere in our "grown-small" world.

Thank you, Mr. Chairman.

Judge BOOTH. I have given to you a report that I made to our presiding Bishop when we returned, which is more lengthy than the statement and tells in more depth the social situation in South Africa.

Mr. Drees. If you wish, Judge, we can enter that statement into the record at this point.

(The statement referred to follows:)

REPORT: EPISCOPAL CHURCH COMMISSION TO JOHANNESBURG SOUTH AFRICA,
JUNE 21, 1971

PRELIMINARIES

Having been commissioned, along with Bishop William F. Creighton, of Washington, D.C., by the Presiding Bishop of the Episcopal Church, U.S.A., Bishop John Hines, to attend, observe and audit the trial of Dean Ffrench-Beytagh, of the Anglican Church of Johannesburg, South Africa, I left on May 25, 1971 arriving in Johannesburg on May 26, 1971 and staying in the country until June 3, 1971. While there, I stayed at the Bishop's House, except for a three-day visit to East London, Alice, and Umtata in the Transkei Region of the country. Bishop Creighton and I were accompanied by Dean Francis Sayre, Dean of the Washington Cathedral, who was commissioned by the Deans of the U.S.A. and Canada to attend the proceedings. I received requests from the International Commission of Jurists and from the National Association of the Advancement of Colored People, to report my observations to them.

Although the trial had been postponed on two prior occasions, there was an expectation it would be adjourned once more. However, Bishop Hines deemed it wise that we should make the trip because 1.) the trial might proceed as scheduled and 2.) the expression of concern from our church could best be shown by our presence.

In fact, the Dean's case was remanded (adjourned) to June 30, 1971 at which time additional charges may be presented and a firm date for trial, possibly in August, 1971, will be set.

Our mission could not be complete without observations on the setting in which the charges were advanced and the trial will be held. These observations will be reported further on herein.

MY INITIAL OBSERVATIONS

On South African justice

While the court system seems fair and objective in general, the Bantu Commissioner's Court which administrates cases of violations of Pass Laws is overcrowded necessitating instant decisions and many guilty pleas to avoid further detention awaiting trial. Most important, too, is the process of *detention without charge and no access to a court* to determine the reasonableness of detention or to set bail.

On apartheid

The system of apartheid must not be reviewed merely as separation of races. In effect, it is de-humanizing and de-moralizing, contributes to family breakdown and to utter poverty. Men are not permitted to live with their families legally if they work in the cities. When it is discovered they are "illegally" living with their families, they must make a choice of leaving their jobs or leaving their families. If they leave their job they and their families become welfare recipients; if they leave their families in order to keep their job, they must live in a male hostel outside of town. They eventually become involved illegally with other women, or become homosexual in the hostel.

On outside involvement

Not enough about conditions under South African Apartheid is known elsewhere. Thus, there is need for more communication to and from the outside world. There is a need for South African black people to educate themselves to "oppression" suffered by other people in world history, to know their sufferings have been known at other times in history, and to adapt the methods of other oppressed people seeking freedom (U.S. slaves, French underground, etc.) to their own situation. Further, each segment of world society ought to use its influence on the corresponding segment of South African society to bring about change. Thus, American Churchmen ought to see that South African Churches are involved. "International" unions ought to be creating good working conditions for South African workers, etc.

A Christian can not advocate violence, or revolution. Not living under similar oppression, however, one can not condemn violence if that is the decision of the South African. He may desire violence even if it means suicide since that may be to him better than the unofficial genocide he suffers. One would hope, though, that the South African black man will avail himself of all other means to freedom before using violence.

JOHANNESBURG, SOUTH AFRICA, FROM MAY 25, 1971 TO JUNE 3, 1971

Places visited

Johannesburg, South Africa

Bishop's House and Cathedral; Christian Institute; Institute of Race Relations; Black Sash Office; Witwatersrand University; Magistrate's Court; Bantu Commissioner's Court, Fordsburg; Soweto, Bantu and St. Paul's Church (Bishop and Dean); Luncheon of Attorneys (Judge only); Leeukop Prison (Judge only); Tea of American Businessmen (Bishop and Dean).

East London, Alice, Umtata

Federal Theological Seminary and University of Fort Hare, Dimbaza, (re-settlement area); St. Bede's Seminary; Transkei Parliament and Courts—one Civil, one Criminal.

Persons interviewed

Bishop Stradling; Dean Ffrench-Beytagh; Arch-Deacon Luyt; Deane Yates (headmaster of new school in Botswana).

Dr. De Villiers of Christian Institute; Dr. Van Wyk and staff of Institute of Race Relations; Mrs. Jean Sinclair and staff of Black Sash.

Dr. Nkomo; Dr. Domingo; Mr. Van Wyk; Dr. Beyers Noude.

Chief Magistrate Gush and Deputy Magistrate Wessels; U.S. Consular Attaché McHale; Magistrate Von Rjyn; Magistrate Van Dam; Prosecutor Rothwell (all at the Magistrates Court).

Defense Attorney Raymond Tucker and Advocate Wenzel.

Warrant Officer Flynn and Father Leo Rakale, at the Bantu Court.

Dr. and Mrs. Motlana; Mrs. Mbere; Father Nkwe (all of Soweto).

Businessmen

Mr. Henry Transue—Bechtel Corporation; Mr. Robert Johnson—Managing Director, South African, General Electric; Mr. Gene Bennett—Managing Director, First National City Bank; Mr. Joseph Nevins—Managing Director, American International Underwriters.

Absent

Mr. Harry Chagnot—Managing Director, Westinghouse; Mr. J. D. Blakely—Managing Director, Chrysler.

Consular staff present

Mr. LaRue, Mr. R. Lutkin—American Consul General; Mr. Edward J. McHale—Political/Labor Officer; Mr. Max E. Hodge—Commercial Officer.

Attorney P. Newton-King; Attorney George Cook, and others at the "Standard Bank Central Tower Building."

Col. Pretorius (Leeukop) and staff; Mr. Harry Vermaak—Driver from East London. Principal—Father Stubbs, Brother Simpson; Father Zulu and students at Federal Theological Seminary; Father David Russell at King Williams Town and Dimbaza.

Bishop and Mrs. James L. Schuster at Umtata; Headmaster—Father Michael Carmichael and students at St. Bede's Seminary; Transkei Minister of Justice—George Matanzima, brother of Chief Minister Kaiser Matanzima; Secretary to the Chief—Mr. Mills and Cabinet, Deputy Minister of Justice Gregory.

The press

Rand Daily Mail; Johannesburg Star—Editor Robinson, Reporter Ferrar; Sunday Tribune; Sunday Express; Sunday Times; London Daily Dispatch; Johannesburg Post; Johannesburg World.

ON THE FUTURE

THE BRIGHT SPOTS IN OUR SHORT TRIP WERE:

- (1) The almost complete freedom of press (except for matters of defense, or prison conditions).
- (2) The unending faith and eagerness of black South Africans.
- (3) The growing concern of the young students, black and white.
- (4) The witness, incomplete though it is, of the Anglican Church (17 of 20 Priests deported have been Anglican).

I. THE HEARING IN MAGISTRATE'S COURT

The charges against the Dean are alternative in nature. He is charged with violations of the so-called "Suppression of Communism Act" in that on or about January 20, 1971 he aided or participated in the activities of suppressed organizations or, in the alternative, that on or about January 20, 1971 he possessed material distributed by such organizations. Additional charges are suspected to be that the Dean procured moneys for the families of political prisoners through banned sources.

The Dean was arrested and held in solitary confinement, under interrogation, and mental torture, and without charge for a period of eight days before being charged and then released on 5000 Rand (1 Rand equals \$1.40) bail. He has remained on bail since that time.

On May 28, 1971, in a small, packed Magistrate's court-room, the prosecutor requested a remand to June 30, 1971 and was granted his request over defense objections. However, the prosecutor promised that additional charges, if any, will be served "well before" the court date and that on June 30, 1971, a final remand to trial in the Supreme Court on a day certain will be requested.

Press coverage of the proceeding, which lasted only several minutes, was extensive, including B.B.C. television, but no American press media.

Our party was warmly received by the Chief Magistrate (who was retiring on that day), by the Deputy Chief Magistrate, and by the Presiding Magistrate in the Dean's court room. In attendance were members of the Dean's Congregations, black and white, members of the black-aiding volunteer Black Sash organization, and the American Consul General's attaché, Mr. Edward J. McHale.

In the court-room, the prosecutor asked me my impression of South African justice. Though I protested insufficient time to have gained an impression, Mr. Rothwell insisted I *must* have an impression. He expected that I would speak in approval since the general image of the judicial system there is good. However, I stated that my first "impression was of revulsion at the idea of detention without charge." Mr. Rothwell then wondered how I could gain such an impression in only a matter of days. He then attempted to compare our American system of "detaining" a material witness in criminal cases. The vast difference though, is that in South African law, the court can not ever contest the reasonableness of detention but in American law, the "detained" witness must be brought before a court to determine the reasonableness of the detention, and to set bail. Stating this to the prosecutor, I was prevented from getting a response by the appearance of the Magistrate and the actual start of court.

II. BANTU COMMISSIONER'S COURT

After court, we went to Fordsburg to see the operation of the Bantu Commissioner's Court, which is responsible for hearing violations of the "Pass Laws". These laws now require all black Africans to carry a Reference Book which contains information as to birth, marriage, work, etc. They require the black African to live, work, and sleep in certain specified places. Any violation is a crime and they are picked up by the hundreds and loaded off to jail to await court, usually several days. To get a quick sentence (usually 10 days), they plead guilty and this is done in machine-like fashion.

However, when we arrived at Fordsburg, the sitting Commissioner was in the midst of a trial. A man was charged with violating the 72-hour rule (no black African can visit in Johannesburg more than 72 consecutive hours). His testimony that he was there (at his mother's house) for less than 72 hours was supported by his mother's testimony. Although there are no black prosecutors in the Bantu Court, the sitting Commissioner, (for our benefit, I'm sure) directed a young, black clerk sitting in front of the bench to cross-examine the mother. When the clerk declined, the Commissioner said, "Mr. Prosecutor, you're missing the point. you must test the truthfulness of the witness". The clerk's ineptness at framing questions made obvious he was not a prosecutor.

Soon, a policeman appeared at the door to the court and beckoned us outside. He then directed us to the police room where he told us to stand while he went to an adjoining room and made telephone calls. We were then detained for 20 minutes. Then the policeman, Warrant Officer Flynn, asked us our names and purpose. He then delivered a stern lecture about the criminality of taking pictures of the court (which we had not done), and of any building in which South African

citizens are detained. "Do you understand?" he sternly questioned us and then told us we were free to leave. During the detention, we saw guards outside the door we had entered. By this time, all sessions of the court were adjourned for tea-time thereby effectively preventing us from seeing the court.

III. MEETING WITH ATTORNEYS

In the afternoon of May 28, 1971, I was guest of about a dozen attorneys (all white) in a fancy private dining-room in a down-town Johannesburg office building. These attorneys were disappointed that my skin color was not dark and they so expressed themselves apparently believing that in America, I did not live as a black man and therefore, would not relate properly to their concerns. Interestingly, though, they had been rejected by a couple of public restaurants when they attempted to make reservations for our luncheon meeting. It seems a black man can't be served liquor together with whites and he can't have a sit-down (horizontal segregation) meal with whites! The meeting was punctuated with justification for apartheid, for detention without charge, for unequal and separate education, and for unequal pay for equal work.

For example, the "justification" for the expenditure of over R200 per year for white students and R14 for black students was that the white person being education-oriented, had built many schools while the African had not done so. Therefore when the Government took over schools, it was responsible to keep in mind the "white" investment and thus give more for the white child than for the black child!

Likewise, the white teacher is "hard to find" and so should be paid more than is paid to the African black teacher who is, in large numbers, seeking employment. Under this theory, it is understood that the position of "school-teacher" is highly regarded in the black African community and not so highly regarded among whites. This is the reason for paying white teachers more money than black teachers.

Illogical justifications such as these would not be expected from educated, god-fearing people. From attorneys, it borders on the fanatic!

IV. TOUR OF LEEUKOP PRISON

During the meeting, I complained that there were certain places I could not see. One veteran attorney took this as a challenge and said he could get me anywhere I desired. I asked to see a maximum security prison; the attorney called the Minister of Justice Mr. Peiser, and immediately arranged a tour of Leeukop Prison for that afternoon!

We were met at Leenkop Prison (for black Africans) by the Director, Col. Pretorius, who escorted me around the entire complex in his car with the lawyers following in their car. We went to the Maximum Security cells, an ultra-modern set of buildings with catwalk security posts extending over all the cells. From the catwalk, we could peer down at the cells, all of which were about 30' x 30' but in which 35 to 40 prisoners had each about 3' x 6' to lay his thin cloth on the floor when bedding down; no other furniture or facility is available to them! There are also several solitary confinement cells, also viewable from the catwalk. The food served the prisoners is alleged to be African traditional, "mealie-meal" (maize) and beans! We then observed class rooms where a guard-psychologist informed us that on intake the prisoners are tested and classified for work and/or training.

A tour of the shops revealed that of the several thousand (4-6,000) prisoners, facilities exist for training only about 20-25 in each of six or seven skills. The trainees remain in the same shop for their entire term. Thus, only a maximum of 300 prisoners are able to secure training of any kind. The training facilities for plumbing, carpentry, cabinet-making, metal work and brick work seemed efficient and modern but hardly adequate for the population.

It is interesting to note that, even in the prisons, apartheid is strictly enforced. First, there are black prisons and white prisons; then, inside the black prison, there are toilet facilities separate for black and white prison guards. When I inquired into this, Colonel Pretorius asked one of the attorneys (in the Africans language) why I was concerned since I ought to have understood that apartheid is part of the national policy of South Africa.

(Apartheid, in action, produces some interesting anomalies. At the Johannesburg Zoo, for example, whites pay 20¢ and blacks pay only 10¢ admission. Blacks

are permitted in the zoo only on certain days—this is true of many other sight-seeing places and usually Thursday is the black African day. Since there are many more black bus drivers available than white drivers, there are most often long lines of white people waiting for their white-driven buses while near-empty black-driven buses drive by the sweltering lines of white Africans!)

Next, on the tour of Leeukop, we went to the living area of the black prison guards and their families. Their homes are in a section of the prison compound separated from the rest of the prison by miles of farmland and connected by a narrow, dusty road. Black prison guards walk the several miles of that road to their homes absorbing the red dust every time a car drives past. The homes I saw were neat, clean and adequate. Near the homes is a store and an "officer's club" simply built in similar fashion to an American day-care center.

Leaving this area in a cloud of dust billowing over, around and into the faces of the black officers walking home from their prison jobs, we went to the area where the white prison guards and their families reside. This area is close to the maximum security cells where the officers work, there are lawns and trees and flowers, and the Officer's Club is sumptuous, carpeted and attended by black servants. In violation of law, we were all served liquor in the club. (I noted that South Africans will bend the law when it is to their interest to do so—e.g., because they desire the Japanese trade in iron ore, the Japanese people are classified "honorary whites" instead of Asians so that they can get all the benefits of apartheid.)

V. OTHER VISITS

This report will not deal in detail with our visit to church and social work institutions since Bishop Creighton has adequately covered them in his report.

However, I can never forget certain things:

1. At Soweto, people were told they would be re-settled in their "homeland", such as Dimbaza or in the Transkei Region. They're told there will be homes, medical care, jobs and other conveniences. But, our visit to Dimbaza proved that conditions there are worse than Soweto one hundred-fold.

2. At Dimbaza, I saw 62 open graves being prepared for children who will die under one year of age. Thirty-eight had died in the previous month. Fifty per cent of all Dimbaza children die before age one, usually because of malnutrition.

3. At the Federal Theological Seminary in Alice, the fear expressed by students was reinforced by our independent investigation that black people are paid money by the special branch of the police to inform on other black people.

In the meeting with students and townspeople, we learned of the torture tactics used in Pretoria and on Robben Island, a prison colony. Fingernails are pulled out, sexual torture is used, and all stops are pulled to secure confessions.

At Robben Island, we learned, are more than 200 young people under the age of 17 who are serving life sentences primarily because they are the children of political prisoners!

4. We were all struck by the simplicity, the neatness, and the efficiency of the widely-spread thatched hut native villages (not the government-sponsored re-settlement areas). These areas provided stark contrast to the government areas set aside as "homelands" where families of ten or twelve are packed into small, two-room shacks with no furniture, plumbing, or floors.

5. No black African is permitted by law to own property, even property in the "homeland". The government determines where blacks should live. The black African can not go to a real estate broker to secure housing; he can only request the proper government agency to advise him where he can live and what rent he must pay.

The poverty of fifteen or more million black Africans, enforced by four million white Africans and by the law is hard to visualize from afar. Seeing it in person gives one a dimension that makes it more vivid. Living it, daily, however, must make one wonder how long such a society can endure without an eruption.

Respectfully submitted,

Judge WILLIAM H. BOOTH.

Mr. Dices. For the record, Judge Booth is a member of the New York City Criminal Court, and we now have some questions to ask of him and of Bishop Creighton.

Judge BOOTH. Mr. Chairman, first, I have this letter I sent to the editor of the Washington Post that I would like to read into the record.

Mr. DIGGS. Proceed.

Judge BOOTH. Thank you, sir.

(The letter referred to follows:)

To the EDITOR,
Washington Post,
Washington, D.C.

GENTLEMEN: Your paper of June 6, 1971, reported the return of Bishop William F. Creighton, Dean Francis Sayre and myself to the U.S. from our trip to South Africa.

That report stated that we had changed our opinion about the withdrawal of American businesses from South Africa. The impression implicit in the report, and the headline, was that we disagreed with our church and that we now believe that American businesses should stay there.

In fact, my opinion as to withdrawal was modified by what I saw on the trip to the extent that I now believe we should try the effectiveness of *selective* withdrawal strategies.

The considerations in such decisions would include: numbers of black people employed, the conditions of their employment, and the contribution of the business to the economic or industrial self-sufficiency of white South Africa. The apartheid laws are such that black South Africans cannot organize into unions or political parties, and thus it is difficult to determine the free, reasoned desire of the black South African; nevertheless, more can be done to strengthen the development of vocational and organizational skills of non-white South Africans—American business must be encouraged to develop the full potential of their workers regardless of color as a condition of their staying in South Africa.

Sincerely,

WILLIAM H. BOOTH, *Judge.*

Mr. DIGGS. I yield to the gentleman from Michigan.

Mr. VANDER JAGT. I would like to thank Bishop Creighton and Judge Booth for a very helpful and thoughtful statement.

I want to be sure in my own mind of just what you mean by selective withdrawal.

Obviously, the goal of the policy of both of you is to end the type of apartheid conditions that you saw there, but it is my understanding that it is now your opinion that a total withdrawal of American business involvement in South Africa, even if it could be accomplished, would not be in the best interest of the goal of overcoming the apartheid practices there.

Is my impression correct?

Bishop CREIGHTON. I am not sure if Judge Booth would concur. He would have to speak for himself.

I think my point is it is not an open option. I think from the point of view of American morality withdrawal would be the right thing to accomplish, because they are in a terribly ambiguous moral situation. I have not been conscious of any pressures thus far sufficient to force them out, and, as I said, in my statement, if they did pull out, the vacuum could be filled immediately; so my opinion is that we should put all of the heat on, to make them behave themselves, rather than waste our efforts trying to accomplish disengagement.

Mr. VANDER JAGT. Assuming, if all of our U.S. business could be induced to withdraw, do you believe that would help rectify the situation?

Bishop CREIGHTON. I do not.

Mr. VANDER JAGT. You do not?

Bishop CREIGHTON. I do not.

Judge BOOTH. I think the only reason we have not been able to get any American business to quit is that they do not want to be the first ones out.

I think if they felt everyone else would leave, I think that would have a damaging effect on South Africa, and that may be filled by other countries to come in.

They must not have the capacity to fill that vacuum. In addition, moral force of the withdrawal of all American business would cause considerable discussion in Parliament, and in government circles in South Africa, and I am certain it would have a very serious effect upon their economy, and they would realize this, and they would then find ways and means of attracting back American business.

Let me cite you one figure. The four American car manufacturers produced 60 percent of all the automobiles in South Africa.

Now, if those four manufacturers were to get out—60 percent is a high figure, a large figure, and that is a big vacuum to fill.

Even though American business only accounts for some 14 percent of all the foreign investment in South Africa, still, in car manufacturing, those four companies contribute 60 percent of all of the automobiles.

I think that is something the Government would have to consider.

There is one final point I would like to make, and that is, that we had our chance in 1961, when South Africa was on the ropes, so to speak, economically, and at that time, instead of forcing the Government to change its ways, American business went in and bolstered the Government, and it made it possible for it to become strong, so now we have to find other ways to make them change.

I do believe the fact the South African Government is putting on such a vast public relations ploy, and I say it is pure ploy, that booklet about the prison administration in South Africa is pure ploy and a fraud.

I think this is an indication that the South African Government is weakened, and is concerned more with its image.

Mr. VANDER JAGT. Judge Booth, if that be true, then why would not you support a total withdrawal instead of just a selective withdrawal?

Judge BOOTH. This is difficult. The only reason I came to a conclusion of selective withdrawal, was because in talking with South Africans, they said, why don't you, and this is in private, why don't you suggest that Chase Manhattan Bank get out because we would not lose any jobs. We do not have any jobs in the Chase Manhattan Bank, but do not suggest that a large organization that hires us get out, because we would lose our jobs.

I said to him, as did Bishop Creighton, no, you would not lose the jobs, because somebody else would come in to fill the vacuum, you would still have the jobs.

The black South Africans voice is and cannot be truly heard in unison. We do not really know what he is thinking. I know what a few of the black South Africans are thinking, and I wish I could give a consensus for all of the black South Africans.

They are the ones who are there, and they are the ones who I believe ought to make the decision. The difficulty is communicating with

them, and finding out what their ideas are. It may be that selective withdrawal is impossible to come by.

It may be impossible to achieve, and, therefore, if selective withdrawal, based on the desires of the black South Africans themselves, and other considerations of strength and force, if that is not possible, then I would support full withdrawal.

Mr. VANDER JAGT. It was your feeling, and your understanding, however, that it is difficult to give them an opportunity to express themselves freely, or even have access to the facts, and in the range of all of those difficulties, it was your feeling that the black South African would prefer a selective withdrawal rather than a total withdrawal?

Judge BOOTH. That is right, and I would say that, yes.

Mr. VANDER JAGT. Thank you very much, Mr. Chairman.

Judge BOOTH. May I have a minute to correct an impression that I gave, and it is, when I was in South Africa, and this is a matter that concerns me very much.

I was asked by the press there what did I think about the Boston NAACP suggesting a boycott of Gary Player, and I said, "The guy has to make a living," and even though he supports the Government, I do not see why he should be stopped from making a living, and I came back and found out how wrong I was, because just last week, in Cleveland, Mr. Player was so badly upset by the taunts of the people in the stands, that he lost a few points, and thereby lost the tournament, and immediately after losing the tournament, he extended an invitation to Mr. Lee Elder, a black golfer, to come join him in the tournament in Johannesburg in November, and Mr. Elder quickly accepted, so I think sometimes you have got to put pressure on people in order to make them do the right thing, so I think I was wrong in saying I would not call for a boycott.

I myself would not go to see Mr. Player, and I would not eat a South African lobster tail either, but now I see that sometimes that call is worthwhile.

It paid off with Mr. Player.

Bishop CREIGHTON. If I just may say this, I do not think Judge Booth and I are really in disagreement. It is a very ambiguous situation, and from the point of view of American morality, I think our firms ought to get out.

If they cannot be gotten out, we ought to prod them as hard as we can prod them to make them be decent in terms of wages and labor practices, but from a South African point of view, I do not personally believe that the reaction would be very great for a number of reasons.

A good many of the American firms are serving the white community, and the total white population in South Africa is probably not over 3 million, and it is a very limited market.

I met with a number of American businesses in Johannesburg. I had asked our American consul on this occasion to help us get together, and they represented many firms, General Electric, and a good many other industries, and they all said explicitly the further extension of their investments is limited by the market, and I do not believe the subsidiaries of American firms selling the kind of things that most of them sell, has much, if any, effect on the vast black population of South Africa. It is a very limited market.

Mr. Diggs. The gentleman from Pennsylvania, Mr. Whalley.

Mr. WHALLEY. In your statement, Reverend, you said "With regard to the presence of the American business firms, it is my impression that withdrawal is not likely to occur. It is probably that the South African Government would nationalize industries rather than permit them to withdraw and it is true of many of the firms that they are working through South African subsidiaries using South African capital."

You are stating in your opinion they would not be permitted to withdraw even if they wanted to, is that correct?

Bishop CREIGHTON. They could withdraw a certain amount, but our church used investment proxies, stock proxies to try to force General Motors, and again we favored that, but General Motors has an engine plant in Port Elizabeth, and I do not believe the South African Government would allow them to pull their engine plant out.

I think it would just go on operating. I am not an economist or a businessman, and this is the impression I gained.

Mr. WHALLEY. This is the difficulty U.S. industries have, where these countries just nationalize them, and they keep doing what they please.

You also say in your statement, "It is also my impression that the pressure for withdrawal brought upon the American firms chiefly by the churches in the United States is not sufficient to force their disengagement."

Between the two things, the pressure of the church, and the fact that South Africa might nationalize, there is not much prospect of U.S. industry coming out, is there?

Bishop CREIGHTON. That is my impression.

Mr. WHALLEY. Would that be your impression?

Judge BOOTH. I do not think I can get to that point. I do not think I have had enough experience to say that. I would press for withdrawal, even in spite of the difficulties that might be attendant upon it, because I think that is the only thing that South African business could understand, the South African Government will understand.

The threat of withdrawal, it should be there, because I believe that any government must respond to strong pressure, and they may respond in some of the smallest ways, and what is done for or against them from the outside can cause a great deal to happen on the inside.

The black African can use the fact that America is talking about pulling out, to strengthen his own position inside, and I believe Mr. Ben White from the Institute of Race Relations cited that in a report he made this week.

Mr. WHALLEY. You talk about the past 10 years.

What percentage of improvement has there been?

There has to be something in the way of better living conditions, or better working conditions.

What would your guess be?

Bishop CREIGHTON. The impression I have is that it had deteriorated rather than improved.

I think, as Judge Booth just cited, there has been a lot of semantic change, but when you really look at it, it is worse than it was before.

I do not think the number of arrests for pass violations has decreased. I think it has increased, and the population in the resettlement areas has increased.

It is a slave labor system, and if they do not give productive labor, they are moved into the resettlement areas, and then they are contracted out wherever labor is needed, but the population of these places just grows and grows, and my impression, which certainly is superficial, is that the whole situation is rather worse than it was 10 years ago.

Judge BOOTH. When you become 18 years of age, you must leave your family, mother and father, and become a taxpayer and pay taxes whether or not you are working, and you are sent off to a resettlement area, wherever the Government tells you to go, and you must pay taxes, and then you are called upon to work by an employer that says "You come with me," and that is the way you get your contract, and this kind of thing has gotten worse.

Mr. WHALLEY. We have had witnesses that have said other parts of Africa, like Kenya and Algeria, are making more progress than South Africa, even though South Africa had a head start, other African countries are making good progress now, and it appears that they will need more people.

Do you think it might be possible for a certain number of people to leave South Africa each year and go into these other countries?

Judge BOOTH. They will not let them out. They will not give them a passport. That is one of the problems.

Mr. WHALLEY. If that were possible, that would seem to be one of the best ways to do it, just migrate.

Judge BOOTH. Except that sounds like we used to talk about here, where we had people in the Southern States who lived there all their lives, and we tell them to go north, and now look what we have done.

I do not think it is good practice at all. I think persons ought to be able to move about as they please, and not because of government needs, and not because the government tells them to.

That is what is happening in South Africa. The black man has to do what the Government tells him, go where they tell him to go, live outside of his family when the Government tells him to do so.

You cannot go to a real estate broker to rent a house.

You have to go to the Government to rent a house, and you have to rent it at the price he says, in the place he says, and you cannot own property at all, a black man cannot, in South Africa. There are very few exceptions in the tribal areas to this rule.

Bishop CREIGHTON. One of the controls over the black population is the lack of educational opportunity, and we met a substantial number of well educated black South Africans who are very alert to what is happening in the rest of Africa and the rest of the world, but I would judge that the average black South African has really little educational opportunity, and this is because of the controls under which he has to live, that he really has no opportunity to make a judgment with regard to what is happening outside his area.

The South African Republic spends for the education of the white child 200 rand per year and for the black child 14 rand per year.

Also, no books are supplied for the black child, and books are supplied for the white child, and very few teacher supplies.

Mr. WHALLEY. At the turn of the century, the United States was bringing people in by the shipload from Austria, Italy, and Poland, and now we find a pretty high percentage of unemployment here.

They told me about a month ago that West Germany is importing about two and a half million people from Italy and other countries, and Sweden is doing the same. It would be ironic, having brought so many people over here at the turn of the century, that now we find they have to go back over there to find employment. We have had witnesses who said they left South Africa and came here. It seems to me they just go to these different areas in Africa and get work. That might be the way for the Government of South Africa to change their mind about present conditions when they need this labor so much.

Can they leave if they wish?

Bishop CREIGHTON. Yes, people do leave. There are exceptions.

Judge BOOTH. There is an underground.

Bishop CREIGHTON. And some people do get exit visas.

Judge BOOTH. Only because of their political beliefs, they get an exit visa, meaning they cannot go back. There are very few of those. There are a couple of fellows touring the country, this is important too, the fact that there is communication between recent arrivals from South Africa in the United States, and there is a need for regular communication.

Our press does not print very much of what is happening in South Africa, except what their government press relations build up.

I have not seen anywhere the kinds of stories that Joel Carlson can tell. He testified before your committee, and I doubt that there will be any real big coverage of our appearance here, or of Congressman Diggs, Chairman Diggs' appearance at the Senate.

There was no coverage of this. I think it is a real shame that our press does not print enough of what is actually happening there.

As far as the person getting out, I think it is negligible. There are a negligible number of persons getting out legally through visas. There are some getting out through exit visas, meaning they cannot go back.

There are less getting visas so that they can go back and forth, and so getting out through an underground arrangement, it can be done, but the difficulty is the fact it is a police state, and there are paid informers, black people paid to inform on other black people, and this is going on openly with the special branch of the police cooperating.

We saw a man who got 5 rand from a special branch police, while we were there, to testify, to inform on his friends, and he turned this into his superior, and there is something to come out of that soon, but this is one instance we saw of the informer system, which is rampant.

Whether or not you are suggesting that they be permitted to go out on their own to other countries, if that is done that may change South Africa's attitude, I don't know.

Mr. WHALLEY. It would have to, because South Africa needs this help so badly.

Judge BOOTH. They do not really need it. They have 14, 15 million black people. They can pick and choose as they please. They have a glut in the black African labor market, so maybe they would be happy to get some of them out of there.

I don't know.

Mr. WHALLEY. Why does South Africa bring all of these people in from the different countries, to work in the gold mines?

Judge BOOTH. I understand they do have—

Bishop CREIGHTON. Do you mean white Europeans?

Mr. WHALLEY. Why do South Africans have to import black labor if they have this labor available?

Bishop CREIGHTON. The job reservation laws set aside certain types of employment for whites and for blacks, and the most menial kinds of work is available to the black people, but they are not allowed to take any kind of responsible position or managerial positions.

That is why I say in my statement occasional exemptions can be gotten, and once a firm gets them, they get them on the excuse there is a shortage of white labor.

They are endeavoring to import labor from Europe. They are having difficulty bringing in white labor into South Africa.

Mr. WHALLEY. I was told that in this gold mine in South Africa, there are 14,000 black workers who have been brought from a country close by, they make some sort of arrangement that they let their earnings be paid into the country that they are from.

Bishop CREIGHTON. From another African nation?

Mr. WHALLEY. Right.

Bishop CREIGHTON. I do not know why they would do that because they have a vast pool of labor there.

I might say I have been expressing the fact there is a public relations ploy by the South African Government, and as an example of it, I believe Mr. Wilkins' column syndicated throughout the country, Friday a week ago, in which it was titled "A smile for South Africa," in which Mr. Wilkins praised the South African Government for relaxing its pass law policies, and also for calling for dialog with the black South African nation, and I think it is a shame this kind of thing can cause an influential man such as Mr. Wilkins and a man who has a great deal of knowledge to not see through this, and to praise it, rather than to damn the entire system of the pass laws, which require a man to have a pass, to be in a certain place, and to show his tax payment and all the rest.

I think not even slight praise can be given, even if in fact the penalties were lessened for pass law violations, you should not give praise for that.

The system itself is bad. It is a shame that this kind of public relations ploy has sucked in some people in our country.

Mr. WHALLEY. May I supply the name of the country for the record?

Mr. DIGGS. Yes.

Mr. WHALLEY. I will get the information and supply it.

Malawi. Most of these people come for a limited time.

Judge BOOTH. I think I know where it is. It is Lesotho, and the reason is that Lesotho is a nation which was very small, which used to be a part of South Africa, and it is completely bound by South Africa, and I know they go to Lesotho and pull numbers of people to work for the various firms at very, very low wages.

Mr. WHALLEY. I would think that eventually the shortage of labor will force the Government to change its policy.

Bishop CREIGHTON. That is an argument we heard often in South Africa, and it may well be the case, but it will take a long time for it to become effective, and what is happening in the meantime, I would like to say, I think the effect of the whole system is dehumanizing with regard to the white population, as well as the black and Coloured nation population.

They become part of the system, and begin to accept it, and the human effects is what hit us hardest.

I think you read about apartheid before going there, and you know it intellectually, but when you see it, it is different .

We sat in on some interviews with black people who had been in trouble because of pass violations, and one typical case was a man who lives in an area outside of Johannesburg which does not allow him to work in Johannesburg, and if he wants to keep his job, he has to move to Soweto, but his family cannot move, so he has to choose between a job and his family, And they are white people who administer these laws.

It is a dehumanizing system. It has its effects on everybody that lives there.

Judge BOOTH. May I say one thing that I think is humorous. Bishop Creighton and myself, and Dean Sayre went to the zoo in Johannesburg, and it was the day when black people were not supposed to go. The sign said only Thursdays can black people go to the zoo. They said, you cannot go back home to me, go on. I was sandwiched between these two white men, and Bishop Creighton paid for it, 20 cents apiece, which is 60 cents for the three of us, and when we came out, the sign said 20 cents for whites and 10 cents for blacks, so we got gyped.

MR. WHALLEY. I have no further questions.

MR. DIGGS. Gentlemen, under what circumstances did you go to South Africa on this trip?

Judge BOOTH. We were both sent as observers from the National Episcopal Church.

The presiding bishop of our church requested that Bishop Creighton and myself be the two observers from our church, at the trial of the dean of the Johannesburg Anglican Church.

MR. DIGGS. When you applied for your visas, were there any questions asked of you about conditions which might limit your visit in any fashion?

Judge BOOTH. I applied for my visa here in Washington, and I was given no conditions except that there should be no publicity of my going until after I got there, and that was just said to me by a lesser official in the Embassy.

I had no other conditions. I do not know if Bishop Creighton had any or not.

Bishop CREIGHTON. I applied for mine through the minister here, because the Embassy was without an Ambassador. I did it by mail, and it was granted.

Dean Sayre went to see the minister, and he made it clear if there was any publicity before we went, we would probably be turned back at Johannesburg, so we felt our task was to get into the country, so we tried to avoid any publicity before we went.

We were very candid in South Africa, and we had tremendous publicity.

One of the hopeful things is the relative freedom in the English-speaking press, and I think that this granting of the visas is entirely unpredictable. I think some of the people have been refused, and other people have been granted.

MR. DIGGS. Did they impose any restrictions upon the prospects that you might address a group while you were there?

Bishop CREIGHTON. No, they did not.

Mr. DIGGS. Any restrictions upon engaging in any press conferences?

Judge BOOTH. I was not even questioned about any of that.

Mr. DIGGS. After you arrived, could you tell us something about the kind of people that you talked to?

You specifically mentioned that you were sure that you were not talking to the representatives of black opinion, which would seem to suggest your contacts with blacks were arranged, or structured, or maneuvered in some sort of fashion.

Judge BOOTH. Not at all. What I said, I think I spoke with a few black people, and so did Bishop Creighton, but speaking with those few black people could not make us an expert on what black people in South Africa want, because there is a divergence of views among them, as there are among any group of people anywhere.

The meetings we had were not structured at all. We arranged our own meetings. We determined who we wanted to see, where we wanted to see them, and I arranged to speak with the lawyers, because of my law background.

Bishop Creighton was able to arrange through the American Consul to meet with some American businessmen. I was supposed to be at that meeting, but instead I had the opportunity to go to Leukop Prison, and I went. I thought that that was more important from my point of view.

Bishop CREIGHTON. I might say there was an interdenominational seminary, and we met with a group of students who had been chosen by the principal of the school, because he thought there were no informers among them, and they were concerned because two young men slipped in who had not been invited.

Two of those men had been in prison on Robben Island and tortured and described that experience to us.

After that meeting we walked to the black university which has a student body of about 750. It was a holiday, and we were invited by the young people to come to the meeting in the evening, and 400 of them came, and Judge Booth talked to them about a half hour, and we had another hour of discussion.

They asked all kinds of questions, how we felt about South Africa, and we discussed their situation very candidly, and I think probably with some real risk on their part. At the conclusion of the evening, the dean said he knew there were special informers there, and he said he was glad we are here, but it is always assumed there are informers in the group.

Mr. DIGGS. You were made aware of the presence of the South African special police?

Judge BOOTH. Yes, on at least two occasions that I know of, our car license in which we were riding was taken, noted, and called in through a telephone.

Right in front of us pictures were taken by people who were not press people, and other than that, I do not think we could feel anything.

Bishop CREIGHTON. I can cite two other instances. Judge Booth arrived after I did, and I knew when he was arriving, and I told the bishop of the Diocese of Johannesburg, I told him that Judge Booth

was coming, and the bishop got a call saying we know that Bishop Creighton is with you and when Judge Booth is arriving. After Judge Booth arrived, the day after he arrived, the special branch called the bishop again, and they said, "We know Judge Booth is staying with you, that is all right." It is illegal. Judge Booth was not supposed to stay there, but the special branch let us know that they knew.

Mr. DIGGS. You stayed at a private residence?

Judge BOOTH. I stayed at the bishop's house of the Anglican Church.

Mr. DIGGS. Did you have any occasion to use any of the public accommodations while you were there?

Judge BOOTH. We went to a restaurant and had lunch there with the three of us, and there was no indication of any aggravation by reason of my being there.

Of course, my color—light—is against me in that respect.

Bishop CREIGHTON. That is one occasion they took our license number.

Judge BOOTH. I did not have my hat on, so they should have known, but they said nothing, and I did go to the zoo on the day I was not supposed to, and nobody said anything either.

Mr. DIGGS. Would you give us a little more testimony about your contacts with the American businessmen?

Judge BOOTH. That would be Bishop Creighton.

Mr. DIGGS. All right.

Bishop CREIGHTON. Their attitudes toward the system, toward the possibility of change, toward the obvious differences in working conditions, between black and white in their own operations, their response to questions of that nature, it was most obvious to one—

Judge BOOTH. Bishop Creighton spoke with them, and he can give you direct contact he has had, but this booklet, it is called "The American Corporation in South Africa, an Analysis," by Timothy Smith, assistant for African Affairs for the Council for Christian Social Action of the United Church of Christ—

Mr. DIGGS. That article has been made a part of our record.

(For article, see appendix, p. 481.)

Judge BOOTH. On page 37, he said—well, since it is a part of the record, I would suggest reading that part there. He points out the gap between African and whites' income has increased during the last decade of economic boom, and then there is a statement here by a director of the Ford Motor Co., in which he said he did not associate with them in America, and he is not associating with them now, "and I am not going to associate with them when I go back again."

Bishop CREIGHTON. We met with the American Counsel, Mr. Lutkin, and his economic officer, and his labor officer, and a representative of the Bechtel Corp., the head of it, who I think is also the chairman of the American Businessmen's Association, General Electric of South Africa, International Underwriters, the National City Bank of New York, and I forget who else, and we were not looking forward to the afternoon. We thought it would be difficult. They did not appear to be resentful of the questions we asked them. We asked them about wages and general practices. Most of them are men who have worked all over the world, and on this occasion none of them attempted to be defensive of apartheid.

I think they were very anxious to make a good impression on us, which may have been a false impression, and they went out of their way to tell us what they were doing to try to upgrade workers and, again, one of the men said that, in talking with his black workers, he found that it was impossible to pick a man that he thought he could talk to about some improvement in the conditions in his plant, because if he asked him to bring four or five others with him, then nobody would talk, because there was an assumption that there was or might be an informer, and he said he found it difficult to talk with his black workers for that reason, but one of the men, an insurance man, was working at some kind of insurance for black workers, and they were developing pension plans.

One man was terribly concerned, as I think I said in my statement, about the lack of refrigeration in the settlement in which his black workers were working, and he was trying to get some kind of central refrigeration system or scheme, and they were all anxious to justify their existence to us, and we took it with a grain of salt, but with regard to our churches, and the use of the church, they all said this is good if it prods their consciences, but again they all said it was unreasonable to expect their firms were going to withdraw from South Africa, so I am not really sure we got an honest opinion from them.

I think they were anxious to make a good impression on us, and they were not an unattractive group of men, and I think we did have the sense, the one man seemed to be the most concerned was the hero among them, I think they respected him because he was trying to improve conditions, but what they try to do is pitifully small, and you are always conscious of the fact they are making huge profits out of cheap labor.

Mr. DIGGS. How many churches of your denomination are in those areas?

Bishop CREIGHTON. I would not have the least idea. There are a great many dioceses. It is a strong church, but in the last few years 20 clergymen have been deported, and 17 of them have been Anglicans.

This is one of the problems they face. Everytime they speak out strongly, or really express their concern, unless they are South African nationals, they get deported, or as in the case of Father Desmond, if they are South African, they are apt to get house arrest, and it is very difficult for them, and there have been some great heroes in the church in South Africa.

We were taken to Dimbaza, and there was a South African white priest who had just conducted a fast in front of the parliament building in Johannesburg, and as a result of this had all of his tires slashed.

Father David Russell, a very attractive and very courageous young man, and he speaks fluent Tekosa, was able to speak very easily with the people who did not speak English, but I do not know the number of churches.

Mr. DIGGS. Are these churches segregated?

Bishop CREIGHTON. It is my understanding the only church in South Africa not segregated is the cathedral in Johannesburg, and this is one of the reasons the dean is in trouble because assemblies of people across racial lines are forbidden by law in South Africa.

I preached in that church and it was a great congregation, with black, Coloured, Asian, and white people; and it was a great occasion on which to be there.

Judge BOOTH. Bishop Schuster, bishop of the Anglican Church in the south, told me that the wage differential between white and black priests in his churches had been, up until 1964, 600 rand a year for a black priest, and it was 1,000 rand a year for a white priest.

In 1964, the diocese decided to freeze the white priests' wages at a thousand, and to slowly bring up the black priests, so that at this time the black priests in the Anglican Church in that diocese are now receiving 900 rand per year while the white priest is still receiving 1,000, and as soon as they both reach a thousand, then the freeze will be off, so that is one positive indication of what that church is doing with respect to equal pay for equal work.

I think it is a most important and encouraging sign.

Mr. DIGGS. That was my next question, as to whether or not within the employment structure of the church itself, whether or not there were any salary differentials, not only as it relates to the clergy, but as to the people that clean the church, or any other job that the church has control over?

Bishop CREIGHTON. I don't know but I am sure there must be.

Judge BOOTH. The bishop said to me, and I trust what he told me, that the freeze of the salary of the priests was accompanied by a freeze of all other salaries as well, and so that this might very well be an area in which there was some solid substantial change affecting all of the persons in the church.

That is only one diocese.

Mr. DIGGS. What would happen if they attempted to integrate the churches?

Bishop CREIGHTON. I don't think they could do it. Again, this is simply an impression, but I think this is why the dean of our cathedral was arrested under the Terrorism Act and not deported. He is an English citizen. This is an effective system. As soon as a clergyman speaks up boldly, he either gets thrown out of the country or he gets arrested, which certainly has a smothering effect on the average churchman who may not be too courageous, and I said this in my statement as a presiding bishop. While we want to build pressure, we ought to do it with a degree of humility.

The penalties under the Terrorism Act and the Act for Suppression of Communism is nothing less than 5 years in the penitentiary, and while there has not been an indictment brought in the dean's case, he has been detained in solitary confinement without charges. No one can predict the outcome.

At the University in Johannesburg, there was a celebration of the anniversary of the republic. The students got out a flyer telling why they did not feel like celebrating. The highest per capita prison rate in the world is in South Africa. There are a tremendous number of arrests, a high infant mortality rate. Out of a student body of 10,000 at that university, 1,200 came to the meeting, and, again, I think it took courage on their part to do this, and we picketed with them afterwards, and they had signs and one sign said, "God Is Tired of Apartheid," and I think there is a strong black student movement

and I think there is hope in the younger generation, which apparently is much less willing to adapt to apartheid than their parents were.

Mr. DIGGS. It is my understanding that a Catholic group in Portugal took the position that it could not in good conscience permit its order to go to Portuguese territories in Africa.

What do you think about that?

Bishop CREIGHTON. I cannot make any judgment about that decision. I do not know on what basis it was made.

We had been with Father David Russell, who took us into Dimbaza, and this is a horrible resettlement area, and we visited one family there, a father who is sick and his wife and five children, who were moved out because he is sick and not a good laborer, and they are living on a pension that is 7 rand a month, and a rand is \$1.40.

Father Russell is trying to find food for these people, and he is trying to help them in every way, and I would be very sorry to see people like him withdrawn from South Africa. I do not know how many there are like him. I think that the church, a good part of the church, a good part of its clergy are endeavoring to fight the system and are not supporting it.

Mr. DIGGS. Judge, as you know, the International Court, The Hague, has ruled that South Africa is illegally administering Namibia, and the reaction to that from the South African Government is complete defiance of that opinion.

I think it was an advisory one, which would indicate that it does not have the strength of law.

Do you think their defiance of the International Court decision should be a consideration of American foreign policy toward South Africa?

Judge BOOTH. We have all in this community of nations looked toward one body or another of international scope to help guide us.

There has to be, as we have to have in our national Government, a body of law, and we now have a body of international law, and I believe that anyone who disregards it, or defies that body of international law ought to have sanctions used against it by other nations, and I think this is an absolute defiance, something that came after considerable research and discussions and testimony.

The decision cannot be tested on any grounds, if it is not being based on evidence, and yet it was defied.

I think sanctions ought to be imposed on South Africa for that defiance, and furthermore, the South African Government must be made to know that we support the International Court, that we cannot exist without a body of law to govern us all.

They cannot defy it. There is no question in my mind. I think it is a sorry day when our House of Representatives voted against your wishes, and against the wishes of so many others to continue South Africa in the sugar quota.

I think this is a sorry day for our country when so many Representatives vote for that, for various reasons, I suppose.

Mr. DIGGS. Several of whom are from your State.

Judge BOOTH. Yes, I know about it, from my county, Queens County, and it is hard to understand it.

Mr. DIGGS. I hope you make your views known to your two Senators, because the matter is still pending.

Judge BOOTH. I spoke this morning with representatives from Senator Kennedy's office, who contacted me yesterday.

They knew I had been in Washington. I gave them some views today, and I shall send them some more material later, and I will certainly contact Senator Buckley and Senator Javits when I get back to New York, as they are my Senators, and I will express my views to them.

Mr. DIGGS. Were you a member of the New York City Human Rights Commission?

Judge BOOTH. I was chairman of the commission.

Mr. DIGGS. Were you a member of that commission when there was an inquiry into granting South African Airways a landing permit?

Judge BOOTH. No; I was not. I had just left the commission. I was chairman of the Commission from 1966 to 1969, at which time I became judge of the Criminal Court in February.

In March of 1969, I joined the picket line at Kennedy Airport against South African Airways opening up its terminal there.

I was told by some few people that I ought not to do that because a judge should not be picketing, and, I believe I told the persons that screened me before I was appointed a judge, that I would not give up my constitutional rights when I became a judge, and if I felt it necessary to picket or to demonstrate, or to express myself in any way I deemed proper, that I would continue to do so, so I did picket against South African Airways coming into New York City.

It is ironic, that when I went to South Africa, I used Pan American Airlines, because I wanted to go through the African route, to Senegal, down through five countries into South Africa, rather than to take South African Airways, the easy way down to Rio Janiero, and across, but then when I got into South Africa, we decided to go to East London, the southern part of South Africa, and we had to go by South African Airways, and I must confess to you, that I contributed to their support.

Bishop CREIGHTON. I took a picture of him standing by the plane.

Mr. DIGGS. Did you use the domestic terminal when you left Johannesburg for that other destination?

Judge BOOTH. For East London. I did not use the black terminal. I purposely would not go into the black side, and I purposely would not take any black seat.

Bishop Creighton and Dean Sayre had to sit up in the middle of the plane with me, and there was one other black person on the plane, and he sat in the very last seat.

I do not know if he was assigned that seat or not, but it felt unusual for me to be on the airline that I had picketed against.

I did not like the idea at all.

Mr. DIGGS. Did you go anywhere else outside of East London and did you get into the Transkei?

Judge BOOTH. We went to King Williams Town, where we had lunch in a white hotel, and we went to Dimbaza, the resettlement area.

We also went into some native villages, and I must say, that the native villages with the thatched huts are clean and neat and homelike, and so vastly different than the tin shaeks provided by the Government in the Dimbaza area.

The tribal areas are a hundred percent more efficient, more beautiful, more functional.

These are the areas built up by the natives themselves with mud, to build the native huts, and the thatched roofs, and beautifully kept, as against right in the next community, a Government-sponsored area, with tin-top shacks, with no floors, with fires burning in the center of the shack to cook on, one bed in each of the shacks, with 10 or 12 people in the shack, and this is where I saw those 38 graves, just freshly closed, with the milk bottles on top.

The vast difference between the tribal areas themselves, and we had to compare the two, and it is something you just cannot believe.

And then we went from there to Alice, the city of Alice, where the Federal seminary is, with four different denominations, there is where that is located, and I think Bishop Creighton's evaluation of what happened is accurate, and the university across the street, the University of Fort Hare, and I must add, since that was Republic Day, the students were very low, very depressed, and they felt nothing about which to be happy, and they made our trip to them their Republic Day celebration by coming over in such large groups.

The seminary only has about 90 students, and we had at least 400 people packed into a small room.

They took this speech, and the questions that were asked, the repertoire back and forth to be their celebration of Republic Day.

I think it is important to recognize that this kind of attitude, this kind of energy in the young students, and then we went from there to Umtata in the Transkei area, and we did see a session of the Parliament, which is a puppet parliament, where you have black ministers.

The Chief Prime Minister is Mr. Matanzima, Chief Matanzima, and he is buttressed by a white secretary, executive secretary, and each of the ministers, the Minister of Government, Minister of Finance, Minister of Roads, each of them has a white secretary who is seconded by the Federal Government, so it is in effect a puppet government, even though it is in existence for 7 years, they still have not broken ties with the Republican Government.

Mr. DIGGS. They are still segregated in Umtata?

Judge BOOTH. Yes.

I could not stay in the hotel with the bishop in Umtata. I stayed in the bishop's house, Bishop Schuster's house.

The reason I stayed there, quite clearly, they said to me I could not get in the hotels, and the bishop, that was the only night that Bishop Creighton, the dean and myself were separated, 1 night out of 10 we were separated, and it was that night I spent in the bishop's house in Umtata.

Mr. DIGGS. What about economic conditions, or the ownership and operation of business by Africans in that area that you were able to observe?

Judge BOOTH. We did not see any business owned by black people at all, even in the Transkei.

Bishop CREIGHTON. Outside of Umtata, it is an agricultural area.

Mr. DIGGS. You mentioned your visit to the prison. Very few people are permitted to visit prisons.

What is your explanation as to why you were permitted?

Judge BOOTH. This is something I think I was able to pull. The 12 white lawyers who asked me to meet with them at lunch were disappointed, because they could not have lunch in a public restaurant, because of my presence, and so we had to have this meeting in a very fancy dining room of a bank, which was the client of one of the lawyers.

These are very influential lawyers, these 12, and when I talked with them, I told them I was disturbed by the fact that I could not go certain places.

There was a very fancy restaurant that revolved around the top of a spire, much like our restaurant out in Seattle, Wash., and I cannot go there except on Thursdays, and I said that, and they said, "We can get you in there, no problem at all." I said "I am not too worried about getting to the restaurant, but get me into some place else." "Sure, anywhere you want to get into in South Africa."

I said, "Fine, get me into a maximum security prison, I would like to see that."

He got on the phone, he pondered a little bit about it, he got on the phone directly, to Mr. Pelsler, the Minister of Justice for the Republic of South Africa, and who is in effect equivalent to our J. Edgar Hoover, and Mr. Pelsler was on the phone immediately, and he arranged the tour at the request of this ancient and honored attorney, and I think that is how I got in.

Now, the tour I had of the prison was under the direction of the director of the prison who gave me every courtesy, Colonel Pretorius, that is an interesting name for a man named director of a prison to have, but he took me into the maximum security cells which I described to you, and he is the one who called down, and he said, "How are you doing, boys?"

"We are doing fine," living in cramped conditions as they are, and then he took me to the black officers' quarters.

Now, this is an interesting thing. The black officers—they have black and white officers inside this prison for black prisoners—and there is an equal number of black and white officers, guards, but to get to the place where the black guards are and their families live, you have to go a long way along a dusty, dirty road with farms on both sides, about 2 or 3 miles, and it would seem to me this is done purposely so there would be no contact between the families of the black guards and the black prisoners.

You get over there, and the homes they have are fairly nice, exceptionally nice, compared to the homes I had seen outside the prison.

They have a nice officers' club, in that officers' club is a wide open space, with bottles of liquor, no servants, nobody to serve at all, but then he took me up, back that dirty road, and his black officers were walking along the road and saluting him with the dust billowing from the car, as we went by, 60 and 70 miles per hour. You could tell he does not care about his black officers one bit, and they are making this long trek from the prison back to their home.

We get up to the prison again, and right near the prison are the homes of the white guards, and those homes are tree-lined, flowers, grass, and beautiful homes, and beautiful surroundings, and near the prison, and then he took me into the white officers' club, and the white

officers' club is like a fancy fraternal club here. It has plush carpets, fancy furniture, black servants serving us, and he did something which would be illegal, except for the fact he is an official of the government, he served me whiskey in the presence of other white people, and this was done openly without any problem, but the difference between the clubs for the black guards as against the clubs for the white guards are so vast, and then we went to see the training area.

Now, this prison, it was built to hold some 1,600 prisoners, but there are estimates that they hold somewhere from 4,000 to 6,000 prisoners.

Now, he took me to the training facilities, and these training facilities are very good and modern, up to date. He showed me the section they had. There were shops in carpentry, electrical work, various other trades.

There were six or seven different shops, and I asked him how many people are in these shops. These are long-term prisoners. He said, "Well, you have 25 to 30 in a class."

"How long does a class last?"

"A class lasts for as long as a person is in jail. He stays in that class for the entire time of his stay," so that would indicate, if you have six classes, with 30 persons in each class, you are only going to have room for 180 people out of a population of 5,000 or 6,000, so although the facilities are good, they are totally inadequate.

There are some farms also, so that the other fellows can get some training in farmwork, but there is not a great deal of training available for these prisoners with long-term stays.

Mr. DIGGS. Were you able to ascertain whether or not any of these convicts were turning out products that may have been exported?

Judge BOOTH. No, I did find, at least they told me, and I asked that very question, they told me that these products that are made, such as benches and chairs and tables and things, they are used within the South African Government itself, that it is not for profit.

They make wire fencing, for example, and they sell that to various departments of the South African Government.

I do not know that that is a fact, but that is what they told me.

They said also the food that is produced, the livestock, the milk, vegetables, all of that is for the benefit of the South African Government alone and not for profit.

Bishop CREIGHTON. This is the day after Judge Booth visited the prison, we told the editors of one of the newspapers, and they said, of course, we cannot publish that, because they are restricted with regard to anything that concerns national defense or prison reform, but they said we have ways of handling this, if we can get it introduced in Parliament, and then we can publish it, and the next day, Mrs. Sussman introduced it in Parliament, and the newspapers had it.

Judge BOOTH. It is interesting, the South African Government will bend its laws to their own use, for example, while Asians are generally treated with just a slight degree better policy than Coloured people, so-called Japanese people are considered "honorary whites" and they are given all the consideration of the white people.

Mr. DIGGS. You have no reason to speculate that any of the products of this prison labor was subject to export?

Judge BOOTH. No, sir.

Mr. DIGGS. You went to Fort Hare?

Judge BOOTH. Yes.

Mr. DIGGS. Did you have an opportunity to appraise the curriculum?

Judge BOOTH. Not one bit. Classes were not in session. We were not even able to see the library, because it was closed, just to get some kind of view, and the assistant librarian and his black man, who I was told to talk to, because he would have a great deal to tell me, but the library was closed, and I was not able to get there.

Mr. DIGGS. Did you visit the courts in the Transkei?

Judge BOOTH. We visited two courts, one civil and one criminal in session.

Mr. DIGGS. Are they segregated?

Judge BOOTH. I do not think we could tell. We saw in the criminal court a black man being tried, four black men being tried for stock theft, stealing of cattle, and they were being tried by a white judge, and there were mixed personnel in the courtroom, a black officer and a white officer, and in a civil court, there was a matter between people on an assault charge, who were suing for damages for assault, and this was a black judge and black people.

I do not know where a white person would be tried, whether or not it would be in either of those courts.

Mr. DIGGS. Did you ascertain that?

Bishop CREIGHTON. No, I did not.

Mr. DIGGS. Was there any American business in the Transkei, or sales representatives, did you see any?

Judge BOOTH. None whatsoever.

Mr. DIGGS. One final question.

What contacts did you have with our Embassy there?

Judge BOOTH. The only contact was what Bishop Creighton had.

Bishop CREIGHTON. Just before we left, the Consul called on the telephone to find out if we were all right, the American Consul who we met at the bishop's house, and he was good enough to get that group together for me, and he was very pleasant.

Judge BOOTH. I have been told by people in South Africa, when I was there, that the American Embassy does not hire black South Africans to work for it, nor do they have any black Americans there, and that is an interesting indication that maybe our Government is going along with apartheid.

Bishop CREIGHTON. The Ambassador lives in Cape Town. That is why we did not see him.

Judge BOOTH. We only had 10 days. We were in Johannesburg most of the time, but we had a choice of whether to go to the Transkei or to the Cape areas, and we thought it better to go to the Transkei area, because of the reference we have to the government there, which we do not believe is self-government.

Mr. DIGGS. You did not consider it a little odd that two such distinguished American visitors would not be invited to the American Embassy, for courtesy, or for communication?

Judge BOOTH. I certainly did think it was odd.

Bishop CREIGHTON. I did too.

Mr. DIGGS. Would you care to speculate as to why they did not invite you?

Are you classified as controversial?

Judge BOOTH. There is no question in my mind at all that our Embassy, from what I gather from talking with black South Africans and white South Africans, our Embassy is afraid of disturbing the South African Government at all, and to have invited a black and white man into the Embassy, I think it would have been bothersome to them.

I understand on the 4th of July celebration, they have a problem there in inviting people to the Embassy for the 4th of July celebration, and they have very carefully omitted any black people.

Bishop CREIGHTON. I think it is fair to say the Embassy is in Cape Town, and most of the government offices are in Pretoria, and I gather the American Ambassador moves back and forth between those two cities, and we were in neither one of them.

Judge BOOTH. Press coverage of our presence there was front page. The Rand Daily Mail had a headline saying South Africa to be reported by black judge, because I had said I was going to report back our detention at Fordsburg. I was going to report back to the International Commission of Jurists.

Mr. DIGGS. Your detention?

Judge BOOTH. We were detained for 20 minutes in Fordsburg at a Bantu Commissioner's Court.

Mr. DIGGS. Why?

Judge BOOTH. Ostensibly to find out who we were, and to advise us we could not take pictures inside the court.

What happened, we went into a Bantu Commissioner's Court, because I was told this is the place to see where you have the administration of pass law violations, and we went there unannounced, and we were sitting for a few minutes watching the proceedings, when a police officer came—his name is Flynn, by the way—and he beckoned us outside. It is right at street level, so we walked outside, and he said, "Come with me," and we went a half block away to the police room, and he told us to stand and wait for him, while he went next door.

Mr. DIGGS. What date was this?

Judge BOOTH. May 28, the date of the trial of the dean.

Mr. DIGGS. 1971?

Judge BOOTH. That is correct. It was after we had left the courtroom, where the dean's hearing was to take place, that we decided to go to the Bantu Commissioner's Court, and we were in the police room for about 20 minutes, standing, while Officer Flynn went into the adjoining room, which was right next to the yard, which they use as a holding pen for prisoners, you could see it through the open door, and he used Afrikaner language to talk on the telephone, so we do not know what he was saying.

Mr. DIGGS. Do you think he was calling the American Embassy?

Judge BOOTH. I do not know who he was calling. We asked him first whether or not we were being detained; he would not answer us. We looked out the door while he was in the next room, and we opened the door, and we saw guards outside with firearms, and we knew we were being detained there, and when he came back, we asked him again if we were being detained, he said, "No; you are not being detained," and he got seats for us, and he then asked us our names, and by the way, when I gave him my name, I usually do not use my

title, but I did this time, I said Judge William Booth, he wrote down William Booth, and Bishop Creighton said Bishop William Creighton, and he wrote down William Creighton, and then after he got our names, he said, "It is a criminal offense for you to take pictures of anyone in our courts."

Bishop CREIGHTON. Or to take any notes.

Judge BOOTH. We said we know that. He said, "It is also a criminal offense to take any picture of any building in which a South African citizen is detained. Do you understand that?" I said, "We have not taken any pictures." He said, "You cannot take any notes."

Mr. DIGGS. They did not permit you to make a telephone call?

Judge BOOTH. We did not ask.

Mr. DIGGS. There was publicity in the press?

Bishop CREIGHTON. Front page headlines, because I think the whole issue of detention without charges—

Mr. DIGGS. The Embassy did not contact you even about that—you did not hear from our own Embassy?

Judge BOOTH. Not until the day we left when Bishop Creighton said somebody from the Embassy called to see how we were doing, and that was the very day we were leaving.

Mr. DIGGS. That is all they said?

Judge BOOTH. Yes.

Mr. DIGGS. Have you been in touch with the State Department on your return, or has anybody back here been in touch with you about your detention and your experience?

Judge BOOTH. Nobody has been in touch with me.

Bishop CREIGHTON. The legal officer in the African Department, Mr. Runyon, attended a press conference I had when I got back, and he was familiar with this.

Judge BOOTH. Nobody got to me at all, and I have not reported it to anyone except the bishop and the NAACP national office, because they asked me, and to the International Commission of Jurists.

I have not heard from anybody.

Mr. DIGGS. As far as you know, our Government has not made any protest, any representation on your behalf, to the South African Government for this detention?

Judge BOOTH. Not at all. There were two editorials we saw in South African English-written papers, and a cartoon about it also, which is an interesting cartoon, by the way, because it had the three of us behind bars, and portrayed the bishop with the high hat. It portrayed me with the white wig, and with a flat nose and flat lips, to indicate who I was, I suppose, and they did not show any color in the picture, and they had the dean also in his collar, and behind the bars, and outside were two officers, one officer explaining to the other, saying, "But, captain, it is all right. They wanted to observe apartheid directly." That is the cartoon; and the two editorials were deploring the fact that this happened, and in one of the articles it stated the Government admitted we were detained, the Minister of Justice said we were detained, so it backed up the fact we were detained.

Mr. DIGGS. Do you have copies of those articles?

Judge BOOTH. I have clippings at home. I could get them for you.

Bishop CREIGHTON. They are very interesting articles.

Mr. DIGGS. Would you care to comment on the fact that our Government did not make any comment on your experiences while you were there, or since you returned?

Judge BOOTH. I wondered about it myself.

Bishop CREIGHTON. I do not think I would. We were there representing the church, and the judge was reporting back to the International Association of Jurists, but, I mean, I think our diplomatic representatives there had no official responsibility for us.

Judge BOOTH. Yes they did. We are citizens.

Mr. DIGGS. I appreciate your difference of opinion, but both of you are American citizens. Your presence in South Africa was well known; your impending visit was well known; and for two people, two American citizens of any stature, particularly yours, to come to South Africa and to be subject to this kind of embarrassment without any contact from our Government, in my opinion, is absolutely ridiculous, and following this hearing, we are going to ask the State Department to offer some explanation as to why they did not do what normally should be done in connection with the matter involving American citizens.

Judge BOOTH. I might say to you that this is important, because a friend of mine was about to make a trip to South Africa—a black man—and he has got his visa, and he is ready to go, but he called me just yesterday to ask whether or not he should go in view of what happened to me.

He said when he determined he would go at the request of an organization, he did not know about what had happened to me at all.

The press here did not carry it very fully, and then he said he had met a friend of mine just yesterday morning who had told him about it, and this gave him cause to wonder whether he made the right choice.

I told him that what had happened was not as serious as it seemed, and that he could expect protection, but I think the fact that your committee is concerned about it should be known, and that other American citizens ought to know their Government will protect them wherever they do go.

Mr. DIGGS. I think the gentleman's comments are absolutely right, and you can be sure we will demand an explanation of the State Department following the hearing.

I want to thank both of you for your very constructive contribution to the proceedings of the subcommittee.

The subcommittee stands adjourned.

(Whereupon, the subcommittee was adjourned at 3:30 p.m.)

U.S. BUSINESS INVOLVEMENT IN SOUTHERN AFRICA

THURSDAY, JULY 15, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON AFRICA,
Washington, D.C.

The subcommittee met at 2:20 p.m., in room 2200, Rayburn House Office Building, Hon. Charles C. Diggs, Jr. (chairman of the subcommittee) presiding.

Mr. Diggs. The subcommittee will come to order.

In exploring the question of U.S. business involvement in Southern Africa, the aim of this subcommittee is to seek out and find the facts as to U.S. business involvement in this area, and thus to build a firm foundation for our inquiry into the two critical issues presented by this question.

The first is: What should be the policy of the U.S. Government as a government in this matter?

The second is: Whatever the government policy, whether of favoring investment or a hands-off policy or favoring disengagement, what should the Government require of businesses who continue their involvement in southern Africa?

We have, therefore, requested businesses, generally those which have a majority or controlling interest, to appear before the subcommittee so that we can become fully informed and so that we can focus their interests on this critical problem.

In general, there are three areas of inquiry.

One, we would appreciate it if each business would give us a picture of their operation in southern Africa, type of business, size, where located, general information on its operation and its investment, because in reviewing the list of U.S. businesses in South Africa we have been struck by their variety.

The American public should be aware that it is not just the giants or the bigger industries that are in South Africa. American businesses of all sizes, from a few employees to many hundreds, American business of all kinds, providing all possible services and producing all kinds of goods, are in South Africa.

If each of these companies would give us the basic facts of its involvement there, and that is all we are interested in, we would secure a better overall picture of U.S. involvement and perhaps lift the veil of confusion that everyone must admit exists with respect to the implications of our involvement there.

Second, we would like an in-depth and comprehensive statement on all aspects of each company's employment practices and policies. Our interest in this is a direct reflection of the pragmatic relationship

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between such employment practices and policies and the immediate meaning of such business to the majority of the people of this area, both in terms of benefits, or lack of them, and in terms of exploitation or absence of it.

Leaving aside for the moment both the broad governmental considerations of foreign policy and the underlying concern here of not permitting business to render our government hostage to apartheid, we must yet confront the fact that the employment practices and policies of our businesses in southern Africa are of overriding importance, and the superficial responses which I must regrettably admit some businesses have made, that is, that their employment practices are governed by the laws of South Africa, will not suffice.

There is a breadth of permissible practices in South Africa. The ability to pay a living wage, not a starvation wage, or even a subsistence wage, but a living wage, is within the law. The employer can make fringe benefits, such as pension plans and unemployment insurance and health, sickness, and disability plans, and death benefits, available to all workers, and in particular to the African employees for whom the discriminatory laws in that country do not require such benefits.

The employer in South Africa can assist his employees by offering various training plans, by making available various counseling services of all kinds, making available special programs to assist with the education of the children of African employees in South Africa, where education is free to the economically advantaged whites and not to the Africans.

Finally, the employer can pay equal wages for equal work.

Thus, the second point on which I would appreciate receiving the fullest and most detailed information is on the employment practices and policies of American businesses in southern Africa.¹

Third, we would appreciate their thoughtful assessment and views on the question of U.S. involvement in the role of U.S. business in southern Africa, and in particular how each business perceives its role in southern Africa. We recognize that it is the businesses who are on the ground in southern Africa who have the experience in this area.

We believe if the U.S. parent companies will direct their earnest attention to this problem, their evaluation of their role and their considered judgment as to what they can mean to their employees, to their employees' children and their families, and to the services and goods available to the majority of the people of South Africa, that this would be of tremendous significance.

Let no one be deceived; we are aware that U.S. business has been slow in awakening to its responsibility, its citizenship responsibility, and to its long-term business interests in southern Africa. We are aware that the picture we may receive today, this year, from the business may certainly not be one representative of American businesses as we would like to conceive it.

¹ The text of the questionnaire to U.S. companies doing business in South Africa, Angola or Mozambique appears on p. 596 of the appendix. The text of the Chairman's statement of March 30, 1972 on the response to the questionnaire and a listing of the companies according to their cooperation with the subcommittee appears on p. 607 of the appendix. Also included in the text of H.J. Res. 1139 (as well as H.J. Res. 1244) which appears on p. 612 of the appendix, which would make fair employment practices in the South African enterprises of U.S. firms a criteria for their eligibility for U.S. Government contracts.

But American businesses should be concerned with their employees and not engaging in exploitation for the sake of high profits or because of callousness in adopting local coloration in racial attitudes and practices.

The image of American business in black Africa may well be at stake here. More importantly, what definitely is at stake here is the image of American business to the majority of the people in South Africa, to whose self-determination we are committed as a Nation.

Finally, the image of American business to a significant group in the United States is at issue.

The basic purpose of these hearings, I would stress, is for this subcommittee, in addition to seeking the facts of U.S. business involvement, to focus attention of U.S. companies on this problem so that next year we will find their employment practices, whatever they may be now, dramatically and meaningfully improved.

We could cause American companies to become sensitive and alert to their responsibility to keep themselves informed of the operations of their business in southern Africa. It is our conviction that this pursuit is so fully within the interests of the United States, within our domestic and foreign policy interests, that where businesses have not cooperated with this subcommittee, either by categorically, summarily, or graciously refusing to come and provide such a picture of their operations and their employment practices and employment policies to the subcommittee and to the American public, that the subcommittee cannot accept such a response.

So, today we have the president of the Dun & Bradstreet International and the vice president of International Operations for Ferro Corp., who have come to inform us on some of these questions.

I want to say to both of you gentlemen that we sincerely appreciate your coming, and wish to explore with you in a spirit of cooperation the question of what U.S. business in South Africa can and should do in line with their business, but also be fully cognizant of their social and citizenship responsibility.

Without objection, I would like to enter into the record at this point the biographical sketch of our witness, Mr. Robert Bechtel.

Both of these gentlemen, I believe, have prepared statements, and perhaps it might be well to have the statements both read at this point, and then we can proceed to the question period and a free exchange.

In Congress, we move by seniority, and I assume that Dun & Bradstreet was in business perhaps before the Ferro Corp., so why don't we start with Mr. Bechtel?

STATEMENT OF ROBERT W. BECHTEL, PRESIDENT, DUN & BRADSTREET INTERNATIONAL LTD., NEW YORK

BIOGRAPHY

Robert W. Bechtel was born in Reading, Pa. in 1923 and was educated at Muhlenberg College and Harvard University Graduate School of Business Administration, Advanced Management Program. He served as a Special Agent in the Counter Intelligence Corps during World War II.

Mr. Bechtel's business career has been spent in a variety of operating and staff positions with Dun & Bradstreet, Inc., beginning in 1944. In 1964 he became vice president, Marketing Services Division; in 1966, vice president, Business

Information Division, and in 1971, president, Dun & Bradstreet International, Ltd, which provides business information services in 23 overseas countries and, through correspondents, throughout most of the world.

Mr. Bechtel is a member of a number of business and professional societies, including American Marketing Assn., American Management Assn., Commerce and Industry Assn., and International Executives Assn. He is a director of the Institute for Interindustry Data, Inc., The International Students Service of the YMCA, and the Forum School Foundation.

Mr. BECHTEL. Thank you, Mr. Chairman.

To briefly recapitulate your opening statement, the committee has requested that Dun & Bradstreet (1) describe its operations in South Africa, (2) provide information on employment policies and practices, and (3) state our views on U.S. business involvement in South Africa.

By way of an introduction, let me outline the extent of D. & B. international operations. We operate directly in 25 foreign countries—beginning in 1857—with full or majority ownership of companies located therein.

Our business in each of these countries is the same: Fact-gathering activities, the purposes of which are to provide business publications and services to business management in the areas of marketing, sales, credit, finance, economics, education, and research.

While the general business is the same, the product lines themselves vary considerably from country to country as to the forms of service. This variance is a function of the economic climate, degree of sophistication, and extent of competition.

In addition, through correspondents, we gather business information anywhere in the world where private enterprise is an integral part of the economic structure.

Although the term is still largely undefined, Dun & Bradstreet may well have been the first multinational company. Better than 85 percent of our international income consists of services rendered within the countries in which we operate, and only 15 percent involves inter-country transactions, including transactions within the United States.

Of the more than 4,000 overseas employees, fewer than 24 are American, and we have many instances of internationality management. Our Israeli manager is a South African, our Italian manager is French, our Belgian manager is a Hollander, and so on.

Our South African company, Dun & Bradstreet (Pty.) Ltd. is neither the largest nor the smallest of our operations. In relation to that country's gross national product, however, it ranks fairly high among our installations.

Although we began operations there in 1901, making us among the oldest U.S. operating companies in South Africa, it is only in recent years that growth has been rapid. This, of course, parallels the growth of the economy of South Africa, which has relatively recently developed as an industrial nation.

Our company's historian tells us that originally the South African D. & B. was an outpost of our British operations, but since the 1961 formation of the Republic it has become a domestic organization within South Africa itself.

Today we have 185 employees and 10 offices—including two in Rhodesia controlled by the South African company. We rank among the medium size service businesses, and as you gentlemen know, the

capital requirements of a service business are far smaller than the needs of capital good manufacturers; therefore, we represent a very minor portion of total U.S. investment in South Africa.

As a labor-intensive organization, and one whose very business purpose makes us a visible force, we enjoy a reputation in the business community far greater than our size.

Our activities in South Africa include the acquisition, preparation, and distribution of informative reports on commercial business; the publication of rating guides for credit decisions; the publishing of gazettes; the collection of commercial accounts receivable in the interest of creditors; and the operation of consumer credit bureaus.

In addition to our headquarters in Johannesburg, we maintain offices in Bloemfontein, Cape Town, Durban, East London, Port Elizabeth, Pietermaritzburg, and Welkom, as well as Salisbury and Bulawayo in Rhodesia.

In all our international operations, our companies assume a posture of good citizenship and adherence to the laws of the country in which we live. This is no less true for our South African company than it is for our Chilean or Israeli or French or United Kingdom operations.

Whether the question of corporate behavior is social, economic, or governmental, we consider ourselves guests who can contribute to the flow of commerce because of our unique skills, and who should benefit according to our contributions.

Because of the nature of the business as an impartial fact-gathering organization, our company does not adopt political positions either at home or abroad. On the other hand, we encourage our employees to participate as individuals in social or political causes which they may espouse. In personal conversations with our people in South Africa just last month, I learned that many of our people have an active interest in reforming apartheid policies.

With respect to South Africa, 12 percent of the staff are non-European—in Rhodesia, 36 percent are non-European. The employment of non-Europeans is related directly to the level of job skills required. The nature of our business is such that a high degree of English facility is a prime requisite. A great many of the better educated non-European South Africans having this requirement at present seem to find their way into the higher professions, such as medicine and law, and would be regarded as over-hires for our purposes.

At the semiprofessional level of business reporters and salesmen, we have employed Indians in those areas where there is a concentration of Indian business population. As the Bantu business community continues to develop, we will have need for and will employ qualified Bantu in similar positions.

As they affect our company, the South African laws regarding employment practices are not especially clear. One "understands" that there exist restrictions against hiring Bantu, but when the law is searched, there is very little to be found.

It follows that a large part of the present situation is custom rather than law. As legislators, you gentlemen are particularly aware of the impact of religion and custom upon the law, and you are certainly aware of the laws that react to society in contrast to those which lead society.

What we do find is this:

(1) In certain trades, especially building and motor trades where apprenticeship is necessary, union and other trades restrict membership of non-Europeans. This varies a bit by province with Coloured plasterers and bricklayers employed for many years in the Cape Province and recently in Transvaal. This situation is not very different at all from that which has continued in the United States.

(2) In service industries, the Shops and Office Act notes that an inspector from the Department of Labor will demand separate work facilities and separate toilet facilities in an office if in his opinion it is required. In practice, it is the discord caused by white workers which leads to the enforcement of the regulations.

(3) With minor exceptions, what we understand to be law has been in reality the custom of the white people. As a matter of fact, attempts by certain political factions to create laws that will restrict employment of Bantu have not succeeded in becoming enacted. The business community's criticism of government is more that government is not pressuring the country to change its attitude regarding employment of nonwhites, rather than demanding that government repeal "restrictive" laws. The government has, in recent times, recognized this in such areas as the decision to use Coloureds as plasterers in the Transvaal, and in the Secretary of Labor's White Paper tabled in Parliament in mid-June which notes the recognition by the Government that Coloureds and Indians should be employed in skilled and semiskilled jobs in the building trades as well as Bantu in similar positions in their homeland.

The National Industrial Conciliation Act of 1956 and the Shops and Office Act of 1964 are the major enactments in the field of employment as they affect our operations. The first sets up a council of the trades and unions to regulate matters relating to each trade, and the second sets up conditions that employers must observe in dealing with their employees.

Almost the entire body of these two instruments is designed to protect the employee; we have found to date that neither one truly affects our employment practices, which are to hire and train the proper people to fit the proper job on a nondiscriminatory basis.

In our opinion, the swing is toward greater use of the non-European in skilled positions. However, even if the white social attitudes were now 100 percent behind this movement, we believe it would take many years before training and education could equip a significant number of Bantu for these positions.

A more powerful force, and one that we who have struggled with the problem of desegregation here in the United States can understand, is this: The raw potential of South African resources, the rapid economic growth, the desire to become a more significant force in the economic world, and the greater need for human resources, regardless of race or color, will do more to change the apartheid policy than any world business sanctions or foreign governmental pressure can do.

I think we begin to see that there is no less desire or ability to effect these changes within South Africa than there is in our own country.

I might supplement that by saying that in informal conversations with many of the leading businessmen in South Africa, we feel a change which is born of two factors, the first being the succession

to business management of the non-English line. Since 1961, only 10 years in business as a country, the English did maintain a very strong hold over much of the economic life of the nation. This is currently being challenged, and challenged severely, by the Afrikaner, who is far more eager to do something and to pressure his Government in changing what some of the ones to whom I spoke consider to be an abhorrent and abominable policy.

Thank you.

Mr. Diggs. Thank you.

Mr. Posnick?

**STATEMENT OF ADOLPH POSNICK, GROUP VICE PRESIDENT OF
INTERNATIONAL OPERATIONS, FERRO CORP., CLEVELAND, OHIO**

BIOGRAPHY

Born in Canada, 1926. Married. 2 Children.

Graduated from the University of Saskatchewan in 1947 with a Bachelor of Science Degree in Ceramic Engineering.

Joined staff of Ferro Corporation in 1947, assisted in Technical Liaison work for the International Division.

Appointed Technical Director of Ferro's Brazilian subsidiary in 1950. Assumed the position of Managing Director of Ferro-Brazil in 1956.

Appointed Assistant to Vice President, International Operations in 1964. Mr. Posnick's duties required residence in Europe, where he assisted in the formation of a co-ordinating group for Ferro's European activities.

Appointed Vice President, International Operations in 1965, and Group Vice President in 1968.

Mr. POSNICK. Thank you, Mr. Chairman.

Ferro Corp. has been operating internationally during the past 44 years since its first foreign subsidiary was founded in 1927. Our 25 manufacturing plants abroad, located in 15 countries, contribute approximately 60 percent of our consolidated earnings.

In carrying on its business throughout the world, Ferro has sought to conduct itself as a responsible corporate citizen of the host country, with respect to its laws and customs and our obligation in meeting local social responsibilities.

Our products are utilized by other industries in the manufacture of end products, and include:

Porcelain enamels for coating metal appliances, such as stoves, bathtubs, sinks, kitchen pots and pans;

Ceramic glazes for coating wall tile, floor tile, tableware, sanitary-ware;

Inorganic pigments for all application in the ceramic and plastics industry;

Heat-resistant refractories;

Fiberglass for reinforced plastics;

Specialty chemicals for the plastics industry.

Ferro-South Africa was formed in 1946. Originally it operated only as a sales and service organization for Ferro customers in South Africa. By 1950, demand for our products in that country justified local manufacture, and a plant, now containing 47,000 square feet, was built in Brakpan, near Johannesburg.

Ferro-South Africa manufactures porcelain enamels and ceramic glazes, as well as color concentrates for the plastics industry. Its cur-

rent net worth is about \$1.4 million, and it accounts for 2 percent of Ferro's consolidated sales worldwide.

Ferro-South Africa employs the maximum number of nonwhite employees permitted under its quota allotted by the South African Government. Almost all of the nonwhites are Bantu. Of the 176 employees in its plant, 65 are white and 111—or about 60 percent—are nonwhite.

Under current South African job classification regulations, all managerial personnel must be white. The laboratory staff consists of six white and 20 nonwhite technicians, including the chief analytical chemist, who is a Bantu. Almost all of these technicians have been trained by Ferro-South Africa.

Pay scales are well above both statutory minima and actual average rates for comparable jobs in the area. Recent published statistics indicate that the average rate paid to nonwhite employees by all manufacturing industries in South Africa is the equivalent of \$70 per month. The lowest wage of a nonwhite employee at Ferro-South Africa is \$70 per month, and the average is over \$80. Two nonwhite employees receive more than three times the lowest wage.

A 46-hour workweek applies to all of our workers, who also participate in programs in workmen's compensation insurance, unemployment insurance, sick leave with pay, subsidized canteen facilities, annual bonus payments, inplant training, and subsidized educational assistance.

A pension plan is currently being instituted for all employees, white and nonwhite. An employees' committee of nonwhite Africans meets with management to discuss subjects relating to work conditions and other aspects of employment.

Ferro-South Africa has taken every practical opportunity permitted by local law to employ nonwhites on a basis consistent with whites. I should like particularly to point out that programs of inplant training and supplemental educational benefits are available to whites and nonwhites alike.

These programs represent particularization of one of the fundamental principles upon which Ferro operates worldwide, that is, to permit development of career opportunities in accordance with the capabilities and aspirations of each individual employee.

In short, the management of Ferro-South Africa, supported by Ferro, has attempted to become and remain a socially progressive employer within the context of the local South African environment. We believe that Ferro's employment practices, in relation to direct and indirect compensation and work conditions and practices, are in every respect considerably above the South African norm.

During the past half-century, our company has conducted business in almost every country in the world. We have operated under a variety of political, economic, and social orders. The fact that we do business with many countries cannot be construed as an expression of opinion or support concerning the political, economic, or social practices of these countries.

We do feel, however, that the presence of operating American enterprises can and does exert a positive influence on the economic and social development of the host nations, as a result of their business philosophy, employment practices, and health, education, and economic contributions.

During the 14 years I personally have spent in Latin America, and the other countries I have visited, I have seen evidence time and again of the dramatic change in communities brought about by the presence of American firms. Salaries are generally higher, fringe benefits are more liberal, and there are greater opportunities for career advancement through training programs.

The workers appear better fed and clothed—their standard of living is perceptibly improved over adjacent areas. Wage leadership and an informed labor market induce local employers to improve salaries and working conditions in a competitive labor market.

We believe that American firms have had a pronounced influence on working practices in South Africa well in excess of their proportion of the total investment in the country.

Thank you.

Mr. DIGGS. Thank you very much, Mr. Posnick.

I yield to the gentleman from Pennsylvania, Mr. Whalley.

Mr. WHALLEY. Thank you, Mr. Chairman.

Mr. Posnick, I am interested in your remarks about a training program which you have for whites and nonwhites.

Mr. POSNICK. Yes.

Mr. WHALLEY. Is there any objection from the Government on that basis?

Mr. POSNICK. Not that we have run across, no. These are inplant training programs, particularly in the technical field. We are a technically oriented company, and we feel this is the best way to bring up the capabilities and increased earning power.

Mr. WHALLEY. In other words, all the time improvements are being made in working conditions, living conditions, wage and training conditions. You say the nonwhite wage is \$70 a month average, and your average is over \$80.

Mr. POSNICK. Yes.

Mr. WHALLEY. When you say it is over \$80, how much over \$80 is it?

Mr. POSNICK. I think it runs perhaps \$82 or thereabouts.

Mr. WHALLEY. In other words, there isn't too much difference.

Mr. POSNICK. The average would be 15 percent above the average in South Africa, although the salaries vary up to a maximum of \$266 per month.

Mr. WHALLEY. Have you ever been to South Africa?

Mr. POSNICK. No.

Mr. WHALLEY. But you do think that American business is good for South Africa, and that they automatically give these advantages that maybe businesses from other countries don't give?

Mr. POSNICK. No, I don't think they automatically give it, but there is generally a greater social awareness, and also there is a greater desire to attract better people, and this, of course, increases wage scales. I feel that generally they are more progressive in the areas that I have seen.

There are, of course, exceptions, but generally this is true.

Mr. WHALLEY. In your opinion, there are certain improvements going on all the time, and these conditions over which most of the business people have no control are getting along much better than they have been?

Mr. POSNICK. I have been told that they are. There are two countries I have not visited where we do have operations, and those are Aus-

tralia and South Africa. It is purely because they are farther away and I haven't had an opportunity to visit them.

In our own particular case, for example, our company has been in South Africa almost 20 years, and we have people who have been with us, nonwhite, for 18 years, and as a matter of fact, about 25 percent of our work force has been with us between 5 years and 18 years—they tend to remain and they tend to stay with us.

Mr. WHALLEY. In other words, they must be pretty well satisfied or they wouldn't stay.

Mr. POSNICK. Yes.

Mr. WHALLEY. In what other countries in Africa does your company have plants?

Mr. POSNICK. None, just South Africa.

Mr. WHALLEY. Are you considering going into other African countries?

Mr. POSNICK. Yes, our whole history since the inception has been to get into developing markets, to come in and help to develop these markets by bringing in technology, bringing in the products so that they are available to local industry.

We have done this in Latin America. We are doing this in Asia, and we are watching the African markets very carefully, and as soon as the business would justify or support a small manufacturing concern, we would go in; yes.

Mr. WHALLEY. How would you compare your South African business, say, with your South American business?

Mr. POSNICK. Well, of course, the South American businesses are more mature, we have been there longer. We have been there since 1935, in Brazil, in particular. The growth in South America has been much more rapid, but in South America we follow the same practices in our operations as elsewhere.

Mr. WHALLEY. In other words, you follow the same practices no matter where you operate?

Mr. POSNICK. Yes, and wages are based entirely on job classifications.

I might mention, the manager of our South African plant is Canadian, and our Brazilian plant manager is a Belgian, so we have about the same type of experience, managementwise.

Mr. WHALLEY. Thank you.

Mr. Bechtel, you operate in South Africa?

Mr. BECHTEL. Yes.

Mr. WHALLEY. Do you operate in other countries in Africa?

Mr. BECHTEL. In Rhodesia, and we operate indirectly in other African countries through a correspondent network, which may vary from dealing with a business organization which does a similar type of business or with individuals who will gather information for us.

Mr. WHALLEY. The gentleman says the progress has not been as rapid in Africa as it has been in South America, because they started down there first. What do you think of the potential of Africa?

Mr. BECHTEL. I think that most probably the African potential is greater basically than the South American potential. We have been in both places about the same length of time. Given relative stability of governments, the progress probably could be greater in South Africa than in South America, but one of the reasons it could be is that South

American governments are notoriously unstable. Particularly at present, there is far less inflation in the African part of the world than there is in South America. It is easier to plan and do and accomplish, and like Mr. Posnick, we have the same general personnel policies wherever we are.

In those areas where there is competition of a considerable nature, this has a rather deadening effect upon our ability to make an adequate return, and therefore our international operations are by and large less profitable than our domestic ones, because we are carrying domestic programs, which are more expensive, to other countries. Instead of meeting the minimums, we establish the policy for all employee benefit programs.

There are variations, of course, between countries where social service programs far outstrip anything that we might ourselves contribute, but again, just as Ferro, we have pension plans, bonus plans, profit sharing, vacations, which are standard in South Africa for all people who work for us. There is no distinction as far as we are concerned.

One of our management people there is a Bantu. I don't know on what basis we have a manager, but we have one who operates the entire printing plant for us. We have a fairly sizeable printing operation.

Mr. WHALLEY. You have had no objection from the South African Government on the things you are doing for your employees there?

Mr. BECHTEL. No.

Mr. POSNICK. No.

Mr. BECHTEL. As I say, the only time it happens—I will take a hypothetical case. Suppose we opened a new office and hired a mixed group of people. If the whites in that office decided to complain, then the inspector would come in and be almost compelled to demand separate working areas and separate facilities.

In our educational program, our training programs, we also have educational assistance programs in South Africa as well as elsewhere. In our training programs, which are, of course, limited to basic clerical tasks in most instances, we have—and maybe it isn't even necessary, but we have conducted separate sessions, since they could require us to if we didn't do it voluntarily.

Mr. WHALLEY. In other words, your complaints come from other employees more than from the Government itself?

Mr. BECHTEL. Yes.

Mr. WHALLEY. If your employees don't complain, you go along and do pretty much what you want to?

Mr. BECHTEL. Yes.

Mr. WHALLEY. Is Dun & Bradstreet familiar with other countries in Africa?

Mr. BECHTEL. Rhodesia is the only one we can speak to with authority, because we have an operation there.

Mr. WHALLEY. Do you think your company will be moving into Nigeria and other areas of growth?

Mr. BECHTEL. Yes.

Mr. WHALLEY. What is the time schedule, do you know?

Mr. BECHTEL. No. Initially, as a matter of economics, it is a function of the number of inquiries we have to process in those countries through correspondents, which makes us establish a branch there.

Mr. WHALLEY. I was impressed with the speed of action in the countries—I was in Kenya a little while ago. A fellow could order suits at 7:30 and pick them up at 8:00 or 8:30. You can't do that in the United States.

This lady smiles, but I wish she would go to Kenya which has beautiful hotels and see all of the tens of thousands of tourists; and the remarkable thing is to visualize what is going to happen in the next 5 or 10 years.

Mr. DIGGS. The gentleman from Michigan, Mr. Vander Jagt.

Mr. VANDER JAGT. Thank you, Mr. Chairman.

Mr. Bechtel, as I get the gist of your statement, it is that with respect to the whole employment situation there are very few laws in South Africa that require discrimination.

Mr. BECHTEL. Separation, yes. Discrimination, not to our findings.

Mr. VANDER JAGT. So that what discriminatory practices are followed are a matter of custom rather than law?

Mr. BECHTEL. Yes.

Mr. VANDER JAGT. Mr. Posnick, in your statement you refer to your company hiring the maximum number that you are allowed under the quota.

Mr. POSNICK. Yes.

Mr. VANDER JAGT. Is that permission granted on the basis of law or on the basis of custom?

Mr. POSNICK. I think it is actually a regulation by the Government, and I understand that there are so many nonwhite Africans that can work in certain areas, and certain industries are given certain quotas. As a matter of fact, because of a shortage of labor, they are relaxing these quotas, and I saw an article just the other day where they are going to be relaxing this quota and allow more to come into the manufacturing mainstream.

Mr. VANDER JAGT. Mr. Bechtel, if a company is allowed to hire only a certain percentage, and if that permission is given by law, and if the Government establishes a quota, that certainly is not just discriminatory custom.

Mr. BECHTEL. I did introduce my paragraph on that subject with a reference to the fact that this is how it affects our operations, inasmuch as, No. 1, we would fall within the general mass of service businesses. We ourselves are relatively unaffected by any such things.

Second, it may well be in Mr. Posnick's case that part of this is regulation by the Government, but a stronger part may be union or trade council regulations.

Mr. VANDER JAGT. You did mention in your statement that particularly in the building trades, the unions have restrictions. So maybe we ought to be directing attention to the union practices as well as the business practices if we are concerned about employment practices.

Mr. BECHTEL. It might well be.

Mr. VANDER JAGT. Mr. Posnick, what percentage of the goods manufactured by your company in South Africa are shipped to other African nations—just a ballpark figure?

Mr. POSNICK. Oh, it would be insignificant, really.

Mr. VANDER JAGT. So most of the goods you manufacture in South Africa are consumed in South Africa?

Mr. POSNICK. Yes.

Mr. VANDER JAGT. Mr. Bechtel, if there were to be a concerted effort by American business to bring what pressure they could to bear on South Africa to do something about the apartheid policies, how effective do you think Dun & Bradstreet could be in view of its particular nature, first of all, in having any impact on the policies of the Government, and second, in encouraging other businesses to participate in this internal pressure, because of its unique role as a service industry to other American businesses?

Could you comment on that for us?

Mr. BECHTEL. I would presume that we could have some influence on what is done. I think that one would have to establish a point of view first, and our people tell me that they believe very sincerely that just as a small boy gets backed against the wall by someone else, that outside pressures would only serve to stiffen the officialdom back in South Africa, and that they feel, rightly or wrongly, that far more progress can be made within the country than can be made by outside forces.

For this, I have no judgment, but I am just reporting what I am told.

Mr. VANDER JAGT. You mention in your statement that many of your individual employees—in one or the other of the statements—are working in their individual capacities to bring about a change in the laws.

Mr. BECHTEL. Correct.

Mr. VANDER JAGT. If your company encouraged this—I assume from your statement you think they are having an impact—don't you think they could do more than they are doing?

Mr. BECHTEL. I am sure they can. We do encourage them, but we do not encourage them to take a position, we encourage them to take their position; and this is a fine line of distinction that we draw in most of our encouragement of employees to participate in the social world around them.

Mr. VANDER JAGT. Incidentally, we were talking about the unions setting up quotas for hiring. Are black unions permitted in South Africa?

Mr. POSNICK. No, I don't think so. I am not even sure whether there are white unions. We certainly don't have a white union or a black union. It is a nonunion plant.

Mr. BECHTEL. By our term of reference, it is not a union organization such as we know it here. It is a trade council type of thing with representatives of the various trades.

Mr. VANDER JAGT. Are blacks permitted to participate in this?

Mr. BECHTEL. I do not know.

Mr. VANDER JAGT. Thank you.

And thank you, Mr. Chairman.

Mr. DIGGS. Mr. Bechtel, does Dun & Bradstreet recommend to businesses that they invest in South Africa?

Mr. BECHTEL. No, we do not. We do not recommend that they not invest, either.

Mr. DIGGS. Similar to our Commerce Department's policy of not encouraging or not discouraging?

Mr. BECHTEL. Well, I must broaden the statement. We would not recommend to any business to invest anywhere or to not invest. It is not part of our services.

Mr. DIGGS. What sort of criteria do you employ in evaluating business opportunities? I assume that you are asked by your clients.

Mr. BECHTEL. We do survey work which consists of gathering data relative to size of markets, numbers of organizations involved in those markets, the relative sizes of the organizations, the acquisition, usually from governmental sources, of the growth rates in markets, and turn those over to our clients, who will then make the assessment of whether or not for them it is a good risk.

Mr. DIGGS. You don't take into consideration such factors as the political situation or racial situations or any unusual factors that might exist in a given country?

Mr. BECHTEL. To my knowledge, we never have done anything of that sort. It is possible somewhere that we did, but I rather doubt it. It is one of the things we studiously try to stay away from; we are not expert at all.

Mr. DIGGS. Do you have any of your clients in South West Africa?

Mr. BECHTEL. Yes, a few.

Mr. DIGGS. You are aware of the policy of our Government of discouraging investment in South West Africa?

Mr. BECHTEL. Yes.

Mr. DIGGS. Have you had occasion to relate that to any of your clients since that policy was enunciated last year?

Mr. BECHTEL. None of the customers I know of, and I don't know the names of all of them in South West Africa, are American companies. They would be primarily South West African organizations who are using our services in South Africa.

Mr. DIGGS. I assume that you provide services for business in South Africa in connection with your doing business in Rhodesia?

Mr. BECHTEL. Yes, or anywhere else in the world.

Mr. DIGGS. What are the services that you provide, directly or indirectly, for, say, Rhodesia?

Mr. BECHTEL. Our Rhodesia operation, like our South African operation, consists of a commercial reporting organization which writes business information reports on the businesses in Rhodesia, and also we maintain a consumer credit bureau there.

As a matter of perhaps inconsequential data, I had a check made of our consumer files, and approximately 15 percent of the consumer files relate to what the South Africans call "non-Europeans."

Mr. DIGGS. How about Angola and Mozambique?

Mr. BECHTEL. This is a correspondent territory from Portugal.

Mr. DIGGS. Do you encourage U.S. business to join in with black businesses in such urban areas as the Soweto?

Mr. BECHTEL. Not to my knowledge, except on an informal basis.

Mr. DIGGS. How about the border industries? What is your company's general attitude toward the border industries?

Mr. BECHTEL. Would you explain what you mean by "the border industries"?

Mr. DIGGS. Those are industries that are set up just as the word implies—on the borders.

Mr. BECHTEL. You mean the areas surrounding the closed areas within the country?

Mr. DIGGS. Yes, it is within the country, on the border. You are not acquainted with that concept at all?

Mr. BECHTEL. No.

Mr. DIGGS. Mr. Posnick, are you at liberty to say something about the rate of your return in South Africa, how it compares with the rate of return on your investment here in the United States or in other countries?

Mr. POSNICK. Probably I should compare it with our average international return. It is in the neighborhood of 20 percent, and the South African is in the neighborhood of about 15 percent, which is substantially below our international average at this stage, certainly. The higher average is primarily due to Europe and South America.

Mr. DIGGS. Do you know whether any of your African employees have ever incurred difficulties, fines or imprisonment, or the threat of those, under the labor contract, the Bantu Labor Act?

Mr. POSNICK. No; I have not heard of any, none that has come to my attention.

Mr. DIGGS. Have yours, Mr. Bechtel?

Mr. BECHTEL. Not to my knowledge; no.

Mr. DIGGS. How about employee facilities? There was some reference to this. Could you be more explicit about them, the locker rooms, restrooms, lounges, working facilities? What are the policies with regard to that? Are they segregated?

Mr. POSNICK. Yes, they are.

Mr. DIGGS. Are they separate but equal?

Mr. POSNICK. Yes. For the workmen?

Mr. DIGGS. Yes.

Mr. POSNICK. We have separate facilities for the workmen and separate facilities for the office.

Mr. DIGGS. I am talking about on a racial basis.

Mr. POSNICK. Yes; they must be—

Mr. DIGGS. In addition to being segregated, are they equal? Are the facilities for the blacks equal in comfort and all the rest of it as they are for the other workers?

Mr. POSNICK. They should be. I must confess I have not been there, but it is certainly the policy of our company that they should be. There should be no differences.

Mr. DIGGS. But you do not in fact know whether or not they are?

Mr. POSNICK. They tell me that they are.

Mr. DIGGS. Mr. Bechtel?

Mr. BECHTEL. Of the offices which I visited last March, which was four out of 10, this was certainly so, but then we are atypical, to start with. Our needs are merely for restroom facilities, and in an office building, the office building we rent normally has equal facilities, particularly if it is a fairly modern one, so that the situation is perhaps atypical in our case.

Mr. DIGGS. Recognizing some of the sensitivities that are involved in this whole South African situation, in the selection of your local executives, what kind of criteria do you use, outside of whatever skills are required, that might relate to their own politics or their own enlightenment, or lack of enlightenment, about apartheid?

Mr. POSNICK. Well, in our own case, we definitely do not, either through any actions or whatever, condone it as a policy at all, and we encourage all of our white employees to be active in any welfare work of this nature, to do what they can to help overcome some of these humanitarian inequities.

Outside of that, I cannot truthfully say what other criteria, apart from the ability to do whatever job that the person or individual is hired for.

Mr. DIGGS. Do you have any kind of orientation program for American personnel that you send over there?

Mr. POSNICK. We have no American personnel in South Africa. They are all local people, with the exception of the managing director. Most of our employees are either in the plant or in the laboratories. Our office staff is very small. It is a small operation.

Mr. DIGGS. Does the same apply to you, Mr. Bechtel?

Mr. BECHTEL. We have one American in South Africa. He is the managing director. We are currently screening candidates for replacement, and in those instances we are giving them kind of a—before considering them—a thorough briefing on the situation with respect to South Africa and emphasizing it clearly enough, in our mind, so that those who would not be willing to both live in that environment and adopt a personal attitude of trying to change, would disqualify themselves.

Mr. DIGGS. Could you give us a little more information about the pay scales?

Mr. POSNICK. Yes.

Mr. DIGGS. Your African workers' salaries, are they above or below the so-called poverty line?

Mr. POSNICK. I understand they are above, and we try to go as high as we can economically, as high as we are economically and competitively able to go.

Our average manufacturing cost, for example, in our South African plant runs perhaps slightly higher than other plants, as far as cost per pound of produced product. But our wages are substantially higher than plants in the area, in the Brakpan area.

The salaries overlap. Some nonwhite salaries are higher than white salaries. So it really depends on what the person does.

We have expeditors that are nonwhite, and other functions in the plant.

Mr. DIGGS. I am interested in a comparison of the salaries of the whites, Coloureds, the blacks that are working for your company. Do you have that information?

Mr. POSNICK. I don't have it exactly, but I can give you some idea, perhaps.

Our white salaries average close to \$200 per month, and the lowest white would be somewhere in the neighborhood of \$140. I don't have the exact figure, but around \$140 is the lowest, and the average is \$200.

Mr. DIGGS. How about the Coloured and the black?

Mr. POSNICK. Well, they, of course, average \$80 and the lowest is \$70 and the highest is \$266.

Mr. DIGGS. I am trying to get these lined up in comparable positions.

Mr. POSNICK. Right.

Mr. DIGGS. I know, obviously, someone working in a skilled job would be making more than someone in an unskilled job. But I am particularly interested in the comparison between these three groups for the same job.

Mr. POSNICK. Right.

Mr. Diggs. You are suggesting that for the same kind of job, the white worker gets the top money and the Coloured worker gets the second, and then the black worker gets the lowest?

Mr. POSNICK. No, I am not, sir. Actually, with most of these, the higher salaries are related more to the supervisory jobs and in the office, and sales jobs, and in certain plant functions. The white employee's pay might be below the nonwhite in certain areas. Our products are made in smelters, and the lowest, for example, in the \$70 area, would be the pay scale of the people who work at those particular jobs.

Mr. Diggs. Are you saying that whites and Coloureds and blacks doing the same job get the same pay?

Mr. POSNICK. Yes.

Mr. Diggs. There is no differential at all?

Mr. POSNICK. No. Our pay scale is based on job function in all of our plants abroad.

Mr. Diggs. You don't have labor unions over there, but you have some way of, or some method of collective bargaining, presumably. What is that method of collective bargaining with your employees? Is there any differential between the direct collective bargaining concept as it relates to whites or to the Coloureds or to the African workers?

Mr. POSNICK. No. Actually, we have tried to keep our salaries above the level in the area in order to attract better quality labor, both white and nonwhite. Generally, as a matter of fact, I might say that there has been very little collective bargaining, if any.

What we have done, with the increases in the cost of living and so forth, we have attempted to keep our salaries well above the minimum for both white and nonwhite and until this point there has been no problem in the area of wage bargaining.

Mr. Diggs. Well, I mean it, of course, in a little broader sense, because when you have employer-employee relationships, you have complaints, for example.

Mr. POSNICK. Yes.

Mr. Diggs. Do you have a complaint procedure, mediation procedure, dismissal procedure, involving your employees, and are there any differences in these procedures as they relate to these three groups of workers?

Mr. POSNICK. No, not at all. As you know, we do have an African workers' committee, which actually does meet with management and discusses various aspects of employment. The idea is to have a close rapport and have a sounding board so that we can continue to improve our relationship.

Mr. Diggs. Do you have a Coloured workers' committee?

Mr. POSNICK. Yes.

Mr. Diggs. And a white workers' committee?

Mr. POSNICK. No.

Mr. Diggs. Why isn't there a white workers' committee?

Mr. POSNICK. I guess they can look after themselves.

Mr. Diggs. What about training programs, particularly for African workers? What are these training programs, or do you have training programs that are designed to upgrade the African workers?

Mr. POSNICK. We don't have any broad, sweeping training programs of a general nature which would be applicable particularly to a plant of our size. What we do have is, we try to train them for better, more responsible, and higher earning jobs in the company, and apart from that, our educational program—the payment for educational expenses—is available to anyone and everyone, and they are encouraged to take it.

Mr. DIGGS. What is the educational program?

Mr. POSNICK. Schools, courses, training courses or crafts, in any area that the worker wishes to improve himself. I don't have any numbers on this but I understand it has been successful.

Mr. DIGGS. What about the routine fringe benefits, vacations, sick leave, housing allowances, insurance, and what-not? Is there any difference in any of these programs as they relate to any one of these categories, the whites, the Coloureds, and the blacks, to your knowledge?

Mr. POSNICK. The retirement program which we are instituting, the pension plan, at the present time is going to strive for equal pension benefits. Normally, in most of our subsidiaries abroad, our policy is for the employee to remain for 5 years with the company before he goes on the pension plan.

Now, the pension benefits are, of course, retroactive to the date he started, but because of the turnover we usually allow 5 years before the employee is put on the plan in most of our plants abroad.

In the case of South Africa, this is also applied, but I have been told by our manager that the practice in industry is for whites to go on the pension plan when you hire them, or you just can't get anybody that will accept, and we are considering relaxing this rule in the case of whites.

Mr. DIGGS. How about health programs for your employees, particularly nutritional problems that are of such concern in this area? Do you have any program designed to meet that problem?

Mr. POSNICK. We don't have any major program. I know we do participate in them, but I cannot tell you to what extent.

Mr. DIGGS. Does either one of your companies contribute to the South African Foundation?

Mr. POSNICK. I don't know.

Mr. DIGGS. To the private United States-South African Leader Exchange Program.

Mr. BECHTEL. Not to my knowledge. I don't think we do.

Mr. POSNICK. I don't know.

Mr. DIGGS. Does either company provide any counseling services for the African workers, or assist them with their past difficulties, or help their families to get residence permits and things of that nature?

Mr. POSNICK. I know we do have a counseling service, and as a matter of fact, we even run a loan service to help employees over any emergency situation. I don't know to what extent we have been involved in the—with relation to the residence permits to which you refer. This I really, frankly, don't know. I do know that they are closely involved in these other services.

Mr. DIGGS. Has either one of your companies ever used its influence to lobby in support of any South African policy in the United States?

Mr. BECHTEL. No.

Mr. POSNICK. No.

Mr. DIGGS. How do you think the Government of our country could assist you in an endeavor to meet some of the criticisms that are directed at the American enterprise in South Africa on the question of wage and working conditions and the whole question of apartheid and all of its implications? What would you recommend that the Government do?

Mr. BECHTEL. I think that the hearings currently in progress serve an extremely useful purpose. As I mentioned before, I think that a specific stand by the U.S. Government as a government, which in my opinion could not help but be a negative stand at least toward the policies in South Africa, would only serve to make the job more difficult.

Mr. DIGGS. How about you, Mr. Posnick?

Mr. POSNICK. That is a pretty complex question. I also think the more these matters are aired, the better it is. It makes people aware of their responsibilities. I don't know what our Government can do at the official level vis-a-vis South Africa which would tend to liberalize some of these restrictions. There are restrictions, of course, on hiring and the number of people we can employ. I would say that, for example, if we could hire more nonwhites, we would.

I also strongly feel that a disengagement or pulling out would be a dramatic gesture, but I don't think it would help the people who are affected.

Unilateral boycott by industry or trade is simply not effective, and we have seen ample evidence of this in recent times. On the contrary it could cause greater hardship and suppression to the people with whom we are concerned.

I think change feeds on itself, and as the country progresses and industrializes, and those salaries are brought up there is an improvement in living standards, as well as increased pressure for improvements in employment policies and social relationships.

I feel that this is the practical way to do it. I think that there is terrible suppression in many of the backward countries, and so I feel that industry should provide more jobs, better paying jobs, training, and education. I think this is the place where we can do the most good to bring about change.

Mr. DIGGS. Have you seen any significant change in the last year or last 2 years in the lot of the African worker in South Africa?

Mr. POSNICK. I really can't truthfully answer that, because I have not been there, but I know that the bidding for workers is getting infinitely more competitive, and I would predict that these wages are going to rise quite a lot faster, which, of course, means that the earning power goes up.

Mr. DIGGS. That is a sort of artificial improvement, is it not?

Mr. POSNICK. Yes, right.

Mr. DIGGS. Because of certain manpower shortages, they are forced to utilize African laborers in capacities which in normal circumstances they would not.

I was thinking more in terms of any progress that you or Mr. Bechtel may have witnessed in the lot of the African worker outside of that area on the part of a change in the attitude on the part of the Government or in the private sector that represents some improvement in the lot of the African worker who represents the majority in that country.

Mr. POSNICK. Truthfully, I can't say; I don't know.

Mr. DIGGS. Mr. Bechtel?

Mr. BECHTEL. From my observation, the climate is changing rapidly. The deeds have yet to come.

Mr. DIGGS. Could you clarify that?

Mr. BECHTEL. The attitudes of the informed white population, I think I saw an entirely different attitude than was prevalent in the past. Again, I made the point before, that all of this is a part, I think, of the emergence of unique identity after hundreds of years of being a colonial English possession.

Now, how much of this is the kind of thing you say to an American when you know that Americans don't like what you are doing and how much of it is sincere is difficult to judge, but certainly, compared with, oh, the South Africans I met who came here in the past, up to 5 or 6 years ago, who at that time were defending the policy, now they seem to be apologizing for it and saying, "Give us time, and we are changing," which I found entirely different in attitude.

Mr. DIGGS. How about your own company's attitude, has it changed in the last year, the last few months? Are you doing anything different now toward the lot of the African worker, that you were not doing a year ago, for example?

Mr. BECHTEL. Yes. As an example, we are trying now to work out an arrangement for a combination training program with interested South African sources, nongovernmental, for training in typing and stenography of some of the Bantu people, which we probably would not have thought of doing 5 years ago.

Mr. DIGGS. Is this because of the manpower shortage or does it represent some change in management attitude?

Mr. BECHTEL. We don't experience a particular shortage of manpower at that level.

Mr. DIGGS. Does this suggest that perhaps your policies are undergoing some kind of reappraisal as this whole South African situation heats up?

Mr. BECHTEL. I think they must.

Mr. POSNICK. There is more awareness down there that they are being looked upon and they are being judged. But one of the things that we are instituting, as I mentioned, is this uniform benefits plan, across the board, and the other thing that we are still trying to work out is a system of medical assistance—in some countries we assist families as well as the workers—and we are currently looking into this in South Africa.

Mr. DIGGS. Are you meeting any kind of resistance with respect to this change in your policy, from the South African Government?

Mr. POSNICK. We haven't, but I am told that we don't want to make too many changes, too fast.

Mr. DIGGS. You have been told that by the Government?

Mr. POSNICK. No, by our people. They are in favor of changes, and we are making them, and we are going to make them, but you have to allow a certain time to work them in.

Mr. DIGGS. What kind of contact do you have with our own Government there, with our diplomatic mission there and related agencies?

Mr. POSNICK. I understand that our manager, who is Canadian, lives in the Johannesburg area, of course, and I think he is quite well

acquainted with both the American and the Canadian diplomatic people, but I don't know to what degree.

Mr. DIGGS. How about you, Mr. Bechtel?

Mr. BECHTEL. This is about the same with us, although most of our contact is with the commercial attaché or consul.

Mr. POSNICK. I would say that in our case, too.

Mr. DIGGS. What is your relationship with the commercial attaché?

Mr. BECHTEL. First of all, he is a customer, but also he is an excellent source of information about particularly what other companies may be doing that we would find of value in our programs and our own employees. This is true universally, of course.

Mr. DIGGS. Does our Embassy there make suggestions to you, or discuss with you some of the problems involved in United States-South African relations, keep you up to date as to some of the developments that are taking place?

Mr. BECHTEL. I do not know.

Mr. DIGGS. Does counsel have any questions to ask at this point?

Mrs. BUTCHER. Yes.

Has either of you given thought to retaining a lawyer, perhaps, in South Africa, to help you sort out what is, as you put it, Mr. Bechtel, required only by custom rather than by law, and what is the permissible legal framework in which you are operating?

Mr. BECHTEL. I can't answer the latter question.

The first question, the answer is yes, we have a member of our advisory board who is also a member of the law firm which represents our South African interests in South Africa, and he meets monthly with our local management, as one of the ways in which we try to conduct ourselves within the framework of a country in which we operate.

It is not officially a board of directors. It is an advisory board.

Mr. POSNICK. Of course, we retain legal counsel in South Africa, and these things are discussed. I perhaps am not very clear on what is permissible by law and what is not, but I am quite certain that our people in South Africa are.

Mr. DIGGS. Wouldn't this be a logical question to ask of the U.S. Embassy, from the commercial attaché, or for him to initiate such a discussion to tell you how far you can go?

Mr. POSNICK. I think that is excellent.

Mr. DIGGS. In the course of your conversations or dialog with the Embassy, this matter was never suggested?

Mr. BECHTEL. No; I just don't know whether it was or not. I would hope that it was, but I do not know specifically whether it was or was not.

Mrs. BUTCHER. Are you aware of any, and have you participated in any conversations with Department of State or Department of Commerce representatives which are aimed at helping American companies start better business practices and have more equality of opportunity in South Africa?

Mr. BECHTEL. I have not.

Mr. POSNICK. No; I haven't, either. As I say, we sort of set our sights to be definitely better than the other industries in the area, and we are quite confident that we are. I think history has sort of borne this out by people who are with us and what we have been able to accomplish.

Mrs. BUTCHER. You spoke of quotas as being allotted by the Government. We would appreciate it if you could present us some documentation on that.

Mr. POSNICK. Actually, this is "Business International," this appeared in the July 2 issue—and the title is "South Africa to Admit More Africans to Labor Force." The first sentence says: "The South African Government has eased its restrictions on the hiring of non-white labor"—and so forth.

Mrs. BUTCHER. Perhaps you could start with that and then give us a statement on the application of that to your particular business.

You could submit it when you send in your transcript.

Mr. POSNICK. Yes. Would you repeat that, please? I want to be sure I have it.

Mrs. BUTCHER. We want to know how the allotment of quotas, that is, the ceiling on African and Coloured employees, how it applies to your industry and what limitations it may or may not place you under.

(The information to be supplied follows:)

The Quota of African labor which applies to our company is 100. There is no limit to the number of coloreds that may be employed.

In the case of African employees we can apply to increase the quota to a ratio of 2.5 Africans for each white employee, on condition that in two years time the ratio will be reduced again to 2 to 1.

We are told that the purpose of these quotas is to prevent African labor from flocking to the urban centers to seek better paying jobs and overcrowding available urban services and resources. It also provides encouragement and an inducement for industry to invest in, or move operations to the African development territories where there is no quota.

Mrs. BUTCHER. Your business is located in Johannesburg?

Mr. POSNICK. In Brakpan. I think it is a suburb of Johannesburg.

Mrs. BUTCHER. Where do most of your employees live?

Mr. POSNICK. Most of them live right there in Brakpan.

Mrs. BUTCHER. Do job reservations affect you?

Mr. POSNICK. I don't understand.

Mr. DIGGS. There are certain jobs that are reserved for whites.

Mr. POSNICK. Yes; I think so.

Mrs. BUTCHER. Mr. Bechtel, you state that you do have an African who is a manager. Could you tell us more about this? What does he manage?

Mr. BECHTEL. He runs our printing plant, and as such, his wages are rather high, somewhere around \$300 to \$325 a month. He has been with us quite a few years. He is an excellent printer, too.

The printing trades, of course, are one of the more highly skilled trades, in any event, so salaries would tend to be higher there.

Mrs. BUTCHER. How does his salary compare with that of your other managers?

Mr. BECHTEL. I would say except for those managers who have a personal incentive plan based upon sales which they make, his salary compares at about the midpoint of the eight that we consider managerial employees.

Mrs. BUTCHER. He is the only printing manager that you have?

Mr. BECHTEL. Yes; that is the point. There is no comparison that could be made.

Mr. DIGGS. That operation must be all black then, because under the local law he could not supervise any white person.

Mr. BECHTEL. That is correct.

Mrs. BUTCHER. It would be appreciated if both of you could give us a full breakdown statement of your wages, particularly comparability, as well as actual wages paid to your employees.

(The information to be supplied follows:)

SOUTH AFRICA SALARY CLASSIFICATIONS, DUN & BRADSTREET, INTERNATIONAL

	Minimum	Maximum
NONSKILLED		
1. Collating and cleaners, junior.....	\$43. 50	\$60. 50
2. Cleaners, learner duplicating operators, messengers, junior.....	54. 00	90. 00
3. Addressing machine operators, duplicator operators, mailing clerks.....	70. 00	120. 00
4. Miscellaneous clerks, advanced.....	90. 00	140. 00
SEMISKILLED		
5. Camera attendant/platemaker, duplicating/collating room supervisor, junior typists, records clerks (court deeds, etc.), banking clerks (accounts).....	120. 00	170. 00
6. Accounting machine operators supervisor composing, agency filists.....	140. 00	220. 00
SKILLED		
7. Typists (duplicating and senior report) and beginner reporters.....	170. 00	250. 00
8. Reporters (female) senior typists (other) and learner supervisors.....	220. 00	280. 00
9. Accounts supervisors classified reporters.....	250. 00	360. 00
10. Junior.....	280. 00	360. 00
11. Advanced.....	310. 00	400. 00
PROFESSIONAL		
12. Duplicating supervisor branch manager, junior.....	360. 00	460. 00
13. Branch managers (up to 8 personnel).....	400. 00	520. 00
14. Branch manager (semisenior), 9 to 20 personnel.....	460. 00	610. 00
15. Senior managers (over 20 personnel) excluding directors and general managers.....	520. 00	700. 00

FERRO CORPORATION

1. White—53 employees includes office, clerical, production supervisors, laboratory, maintenance trades (excludes executive management). Salary range \$140-\$700 monthly.

2. Black and Coloured—111 employees includes clerical, laboratory technicians, stores, supervisor, maintenance, and unskilled laborers. Salary range \$70-\$266 monthly.

Mrs. BUTCHER. Mr. Bechtel, you state that you operate in Rhodesia. How do you square this with the sanctions against Rhodesians?

Mr. BECHTEL. Only that we have—I don't know how long we have been there, but it has been an extremely long period of time. In addition to that, there is practically no traffic between Rhodesia and other nations. It is an incountry operation. Beyond that, I can't square it or not square it.

Mrs. BUTCHER. This is a subsidiary registered in Rhodesia?

Mr. BECHTEL. I am sorry. I don't know.

I can get you the information. I don't know whether it is a subsidiary registered in Rhodesia or a subsidiary of the South African company, or a branch of the South African company.

Mrs. BUTCHER. Is there any flow of money between your company here and the office in Rhodesia, or between the office in Rhodesia and the South African?

Mr. BECHTEL. I don't know about the latter. From here, I don't think there is.

Mrs. BUTCHER. Could you find out about this and give us a full statement, as well as a statement by your legal counsel on the status of the sanctions?

Mr. BECHTEL. Yes.

(The information follows:)

DUN & BRADSTREET, INC.,
New York, N.Y., March 22, 1972.

MISS ARLENE ATWATER,
Staff Assistant, Congress of the United States, Committee on Foreign Affairs,
House of Representatives, Washington, D.C.

DEAR MISS ATWATER: On July 20, 1971, you sent Robert W. Bechtel, President of Dun & Bradstreet International, a copy of the transcript of the hearing of the Subcommittee on Africa, held on July 15, 1971.

At page 491 of the transcript, Mrs. Butcher, Staff Consultant, asked if Mr. Bechtel could obtain information as to the compliance by Dun & Bradstreet with respect to the Rhodesian Sanctions (Executive Order 11322 and Executive Order 11419, 31 CFR Chapter 5 Part 530). Mrs. Butcher expressly asked for "a statement by your legal counsel on the status of the Sanction."

I am happy to assure the Subcommittee that appropriate instructions were given to the responsible officers and employees of Dun & Bradstreet at the time the Sanctions were imposed and that at all times thereafter, to the best of the company's knowledge and records, the Sanctions have been observed.

I trust that this assurance is satisfactory and that you will transmit this to Mrs. Butcher, if appropriate.

Sincerely yours,

CHARLES F. G. RAIKES.

Mrs. BUTCHER. With respect to South West Africa, did you reconsider your role and advise businesses there after the statement by the U.S. Government last year?

Mr. BECHTEL. We reconsidered, first; and second, we determined that this was not, or did not affect our position there at all, because we have none except to get information from South West Africa.

Mrs. BUTCHER. Do you feel that when you obtain such information that you are facilitating business investment or involvement in Namibia? I would assume that would have been part of your consideration.

Mr. BECHTEL. Yes. Essentially, the answer is that we gather the information without prejudice or comment in either instance. Those people who receive the information are the ones who know whether the sanctions apply to them or do not.

As such, we operate as data gatherers. We haven't taken a position on either side.

Mrs. BUTCHER. With respect to Rhodesia or South West Africa, is either the sanctions program or the U.N. and U.S. Government positions with respect to these territories one of the factors which you consider in evaluating risks?

Mr. BECHTEL. No, it is not.

Mrs. BUTCHER. If both of you gentlemen could secure definitive information on the training programs and on the programs of educational assistance for the children of the employees of your companies, it would be appreciated.

(The information to be supplied follows:)

DUN & BRADSTREET, INC. General Instruction

BUSINESS INFORMATION DIVISION

INST. NO. 4T-3
 RELEASE DATE 12-23-69
 EFFECTIVE DATE 1-1-70
 PAGE 1 SERIES OF 4

TO: All Managers

SUBJECT: TRAINING
 Education Assistance Policy

EMPLOYEES AFFECTED: All Full Time, Permanent Employees

REFERENCE: Cancels General Personnel Instruction 4T-1A which should be removed from the Manual and destroyed.

I POLICY

It is Company policy to encourage self-development of employees and to assist financially in the payment of tuition for approved outside educational courses.

II OBJECTIVES

It is the objective of this policy that employees be assisted in preparation for advancement, that a better basic foundation for progression within the Company be provided through the use of financial aid to the employees education, and that the Company's competitive position in the employment market be further strengthened.

III ADMINISTRATION OF POLICY

Responsibility for interpreting the provisions and evaluating the effectiveness of this policy will lie with the General Personnel Department. Responsibility for administering this policy rests with line management.

IV PROCEDURES**A. General**

Educational assistance can take the form of employee-initiated or Company-initiated courses. Reimbursement for Company-initiated courses will ordinarily be accomplished through a direct payment by the Company to the school, institution or association prior to the beginning of the course. The procedure for approval of courses for educational assistance is the same for Company and employee-initiated plans.

B. General Requirements In Order to Qualify for Reimbursement

1. The course must be offered by a recognized school, institution, or association approved as having high standards.
2. Request for approval must be made before enrollment.
 - a. Accompanying the request, evidence must be shown of any payments for which the employee is eligible as a result of assistanceships, Veterans' Educational Benefits, etc. Failure to declare eligibility for such benefits will disqualify the employee from participation in the Educational Assistance Program.

b. The Company will reimburse employees only for actual educational costs incurred. Outside assistance, as described above, will be deducted from the Company payments.

3. If the employee has matriculated as a degree candidate, all courses which are required by the educational institution in obtaining this degree are covered. The Company will approve the type of degree selected only if it will ultimately benefit from the additional knowledge acquired.
4. Approval of all courses is granted on a semester or term basis only.

C. Approval of Courses

1. Authority for final approval rests with the Regional Manager or National Department officer. If the course being requested is not part of an already approved degree program, the basic requirement is that the Company ultimately benefit from the additional knowledge acquired.
2. To request approval of a course, the employee prepares the Educational Assistance Plan application (see attached) in duplicate and submits it to his Area Manager or appropriate District or National Department Manager.
3. The Area Manager, District Department Manager or National Department Manager will forward two copies to his District Manager or National Department Head together with his recommendation.
4. The District Manager or National Department Head will forward the two copies to his Regional Manager or if a New York Department, his supervising officer together with his recommendation.
5. The Regional Manager or National Department Officer will forward one copy of the approved or disapproved form to the General Personnel Department. The original copy will be returned to the District Manager or National Department Head.
6. If an employee-initiated course of study is not approved, the employee will be offered a suitable explanation as to the reasons for this decision.

D. Reimbursement for Employee-Initiated Courses

1. To request a refund, the employee completes the Request for Tuition Refund form (see attached) in duplicate and submits it to his supervisor within 30 days after completing the course.
 - a. The form does not require the signature of a school official if the employee submits a transcript of the grade (s) along with copies of all receipts. The voucher for payment will be the original signed copy of the Educational Assistance Plan application.
 - b. The supervisor will forward the Request for Tuition Refund Forms, and receipts and transcripts if required (see a. above) to the District Manager or National Department Head.
 - c. The District Manager or National Department Head will request payment from the Payroll Department and forward the second copy of the Request for Tuition Refund form to the General Personnel Department. The original copy will be retained in the employee's Personnel File.

The voucher for payment will be the original copy of the Educational Assistance Plan Application signed by the Regional Manager.

2. An employee may apply for benefits under this policy at any time after full time employment by the Company. However, no refund payment will be made until he completes one year of employment. After one year's service, no waiting period for reimbursement is required.

The Company will refund 80% of the cost of tuition, registration and laboratory fees (not including books) up to a maximum of \$500. per employee per calendar year. Reimbursement to the employee from assistanceships, Veterans' Educational Benefits, etc. will be deducted from the 80% maximum allowed. The formula to be applied is as follows:

TOTAL FEES	\$ _____
80% OF TOTAL FEES	\$ _____
*LESS AMOUNT REIMBURSED BY VETERANS' OR OTHERS	\$ _____
TOTAL TO BE REIMBURSED BY DUN & BRADSTREET (MAXIMUM OF \$500. IN ONE CALENDAR YEAR)	\$ _____

*See General Personnel Instruction 4T-2 Veterans Educational Assistance.

- a. The course must be successfully completed with a passing grade, evidenced by an official transcript of the grade (s) or the signature of a representative of the educational institution on the Request for Tuition Refund Form.
- b. Copies of all receipts evidencing payment must be submitted by the employee.
- c. If the course is not completed due to sickness, accident, disability or Company-initiated action such as transfer to another city or change in working hours, reimbursement may be made at the discretion of the Company.
- d. If the employee leaves the Company before the course is completed or if a new employee leaves before completing one year of employment, no refund will be made.

E. Payment and Approval of Company-Initiated Courses

The Company will prepay the entire cost of courses and seminars (including books) when it initiates an employee's attendance at such activities. Such courses and seminars will be selected by the immediate supervisor or higher level management as development needs arise in the career of the particular employee or group of employees. The procedure for obtaining approval is identical for both Company-initiated and employee-initiated courses (see section IV-C). The \$500. annual limit per employee does not apply for Company-initiated courses.

COSTS ALLOCATION

All costs incurred in connection with Company sponsored education will be charged to the local office or National Department to which the employee is permanently assigned.

VI EVALUATION

Persons completing Company-initiated courses under this plan are required to furnish an "Evaluation of Outside Educational Experience" report within two weeks of the completion of the course. Copies are to be furnished to Regional Managers and the General Personnel Department.

VII YEARLY REPORT

At the end of each year District Managers will submit to the Regional Manager a report on all Educational Assistance for the previous year. For each employee assisted the following information is to be given:

Name and Office

Present Position

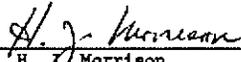
Name of Course, School and Length of Course

Company's Cost

The Regional Manager will then have these reports consolidated for the Region and submit a copy to the General Personnel Department.

VIII EXCEPTIONS TO POLICY

Exceptions which exceed the provisions of this policy or these standard procedures will require approval by the President of the Agency Divisions or an executive whom he delegates to perform this function.



 H. J. Morrison

Please make the following change in your General Personnel Instructions Manual

Alphabetical Index:

<u>PAGE</u>	<u>SUBJECT</u>	<u>INSTRUCTION NUMBER</u>
1	EDUCATIONAL ASSISTANCE	4T-3

**APPLICATION FOR DUN & BRADSTREET, INC.
EDUCATIONAL ASSISTANCE**

Prepare in duplicate. Submit both copies to your supervisor.

EMPLOYEE'S NAME LAST	FIRST	MIDDLE INITIAL	OFFICE NUMBER
JOB TITLE		DEPARTMENT	
TITLE & DESCRIPTION OF COURSE			

Do you qualify for Veterans or other Educational Benefits? Yes No

School or Sponsor

STARTING DATE OF COURSE(S)	ENDING DATE	HOURS PER SESSION	NUMBER OF SESSIONS		
COSTS \$	TUITION \$	REGISTRATION \$	LAB FEES \$	BOOKS & SUPPLIES IF A COMPANY INITIATED COURSE \$	TOTAL COSTS \$

Amount to be reimbursed by veterans or others \$

Cost to be reimbursed by the company \$

Total expenses reimbursed by company to date in this calendar year \$

Is course part of a degree program approved by the company? Yes No

Expected benefits from course(s) if not part of an approved program

It is understood that if the above application is approved, the Company will reimburse 80% of the cost involved, up to a maximum of \$500, per year. This is contingent upon receiving certification by the foregoing institution showing that I have satisfactorily completed the course(s) with a passing grade, and provided that my employment with the Company has not been severed at the time the course(s) is completed. I further understand that I must have completed at least one year of full-time service before the refund will be received. If Company initiated, payment will be received prior to starting the course, or made directly to the institution, and will include the cost of books. If employee initiated reimbursement will not include cost of books.

EMPLOYEE'S SIGNATURE

DATE

AREA MANAGER OR DEPARTMENT HEAD'S SIGNATURE

DATE

DISTRICT MANAGER OR NATIONAL DEPT. MGRS. SIGNATURE

DATE

APPROVED:

REGIONAL MANAGER OR SUPERVISING OFFICER'S SIGNATURE

DATE

**REQUEST FOR REFUND
DUN & BRADSTREET EDUCATIONAL ASSISTANCE**

Prepare in duplicate. Submit both copies to your supervisor.

EMPLOYEE'S NAME LAST	FIRST	MIDDLE INITIAL	OFFICE NUMBER
JOB TITLE		DEPARTMENT	

The following educational institution _____ certifies that the individual named above has satisfactorily completed the course(s) listed below with a grade of _____ for the term ended _____
IF A VALID TRANSCRIPT OF GRADES IS ATTACHED THE SIGNATURE OF A SCHOOL OFFICIAL IS NOT REQUIRED.

FULL TITLE OF SUBJECT(S)	FEES			TOTAL
	TUITION	REGISTRATION	LABORATORY	
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
TOTAL FEES	\$ _____	\$ _____	\$ _____	\$ _____
80% OF TOTAL FEES	_____	_____	_____	\$ _____
LESS AMOUNT REIMBURSED BY VETERANS OR OTHERS	_____	_____	_____	\$ _____
TOTAL TO BE REIMBURSED BY DUN & BRADSTREET (Maximum of \$500 in one calendar year):	_____	_____	_____	\$ _____

Signature of School Official _____ Title _____

I hereby certify that I have paid \$ _____ to the above institution, representing the costs involved.
(Copies of receipts for the payment of these charges must be attached.)

SIGNATURE OF EMPLOYEE

DATE

AREA MANAGER OR DEPARTMENT HEAD'S SIGNATURE

DATE

DISTRICT MANAGER'S SIGNATURE

DATE

EVALUATION OF OUTSIDE EDUCATIONAL EXPERIENCE

This evaluation report has two objectives: (a) to cause you to review and appraise the course and experience for your personal benefit and its application to your work and (b) to help management in determining whether to use this course in the future.

Your Name _____ Date _____ Office _____

1. Course Title _____ Sponsor _____

Instructor _____ Number Sessions _____ Total Class Hours _____

Costs of tuition, fees and required books \$ _____

2. Did title and advance literature accurately describe the content? _____

3. What is your final evaluation? Check all appropriate items:

Just right Too general Too specific Too elementary Too advanced

Well worth the cost and time Not worth the cost and time

Quality of Instruction: Excellent Good Fair Poor

Facilities and arrangements: Excellent Good Fair Poor

4. Do you recommend it for persons in positions similar to yours? _____

For persons in other positions (give titles)

5. What specific knowledge, techniques or ideas derived from the course do you plan to use on your job?

6. Roughly how much was useful in your personal development in the Company? Explain briefly.

7. What teaching methods were used and roughly in what proportions?

Lecture _____ Lecture & Discussion _____ Case Method _____ Demonstrations _____

Role-playing _____ Small group discussion _____

What method or methods were most effective?

8. Was there ample opportunity for discussion of problems and questions raised by participants? In the class _____; informally after class? _____
 Comment on value to you.

9. Was there homework? _____ Would you characterize this as: light moderate heavy.

Estimate hours per week on homework _____

10. Did the participants represent essentially the same job level and previous experience in the subject matter or widely different? _____
 _____ Did this prove to be advantageous or undesirable? Explain.

11. Did you learn of any new ideas, approaches and techniques which should be passed on to others in your office? Mention them briefly.

12. Are there any other comments you would like to make about the course or anything related to the training you received?

FERRO CORPORATION

Essentially, there is no limitation on payment for tuition, classes, and related costs (travel, books, etc.) for training or educational programs for those employees who wish to participate. Five black employees are presently participating in outside studies. In addition, there is an on-the-job laboratory training program to develop lab technicians in view of our predominantly technically oriented business. There is no formal program of educational assistance of employees' children.

Mr. DIGGS. I want to thank both of you gentlemen for your contributions to the enlightenment of the subcommittee, and I hope that we will be able to get that additional information as soon as possible to complete the record.

Without objection, the article that Mr. Posnick has will be made a part of the record.

Mr. POSNICK. Would you like me to send that in? I suppose I can leave it with you now.

(The article referred to by Mr. Posnick follows:)

SOUTH AFRICA TO ADMIT MORE AFRICANS TO LABOR FORCE

The South African Government has eased its restrictions on the hiring of non-white labor and improved its incentive program in an effort to spur manufacturing investment. But in practice, corporate investors will get only limited relief from the prevailing tight labor conditions under the new policies announced in the Blekert Committee's white paper on industrial decentralization.

The chronic shortage of skilled labor in South Africa had been aggravated by government policy freezing the number of African employees at the January 1968 level in the major industrial areas. The new policies will selectively relax restrictions on hiring Africans in the industrial areas and will also seek to draw more industries to the areas bordering homelands (reserved for African habitation) and to the homelands themselves through the lures of increased concessions (see accompanying box on detailed incentives) and more positive administration of them.

The new approach to regional development is based on the premise that decentralization cannot be achieved at the expense of industrial expansion in the Republic as a whole. Therefore industries whose location is permanently fixed in the Witwatersrand-Pretoria-Vereeniging (W-P-V) complex (the focal point of industrial growth) will be able to expand their black labor force without limit. A list of these so-called placebound industries will be drawn up, probably including such examples as heavy industries located in integrated complexes close to sources of iron and coal.

Conversely, existing companies that are not placebound in the W-P-V area will have to observe a ceiling of 2.5 Africans to every white worker. If a company wants to expand above the ceiling, it will have to move all or part of its plant to the border areas or homelands, where it can expand its labor force without limit. To make the situation worse, the permissible ceiling for all non-placebound companies in the W-P-V area falls to 2:1 in June 1973, although it is not yet clear whether the government will force companies that cannot meet this limitation to move to border areas.

SPOTLIGHT ON NEW BORDER INCENTIVES

To lure more industrial firms to decentralized areas, the South African Government is raising the maximum investment allowance for new plants from 25% to 50% of machinery cost (compared to the normal 15% allowance in the rest of the country) and is boosting the allowance for new factory buildings from 25% to 35%. The new incentive package offers income tax concessions spread evenly over seven years for investments in border areas and 10 years in homelands. The maximum reductions are yet to be specified and will differ from area to area. The tax concessions offered to a company will be expressed in a ratio based on the number of non-white workers employed.

Other concessions to be offered decentralizing industries include cash grants for relocation to border areas, loans for machinery and buildings, rail rebates, and company tax reductions.

Mr. DIGGS. Thank you.

Do you have any additional information?

Mr. POSNICK. I have additional copies of our annual statement.

Mr. DIGGS. Without objection, they will be included in the record.

(The excerpts from the annual statement mentioned above may be found on p. 592 of the appendix.)

Mr. DIGGS. The subcommittee stands adjourned, subject to the call of the Chair.

(Whereupon, at 4 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.)

APPENDIXES

APPENDIX 1

POLAROID AND SOUTH AFRICA



It's like opening a present.

Boycott

Support the black
revolutionary workers
at Polaroid.



Polaroid

Until all sales
to South Africa
are discontinued.

(381)

Then they came for me

A.N.C. = African National Congress- Liberation Movement in South Africa



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ON BEHALF NATIONAL EXECUTIVE ANC SA SUPPORT STAND OF

REVOLUTIONARY POLAROID WORKERS MOVEMENT WITH REGARD TO POLAROID

INVOLVEMENT IN SOUTH AFRICA ENDORSE YOUR DEMANDS FOR TOTAL

DISINGAGEMENT PUBLIC STATEMENTS DENOUNCING APARTEID STOP

RE AFFIRM AND PROGRAMME DEMANDS THAT THE NATIONAL WEALTH

COL 63 12140

GTB2583 TLB 1077 MISS CAROLINE P2/78

OF SA MUST BE RETURNED TO THE PEOPLE OF SOUTH AFRICA

REG SEPTEMBER EUROPEAN AND UK CHIEF REPRESENTATIVES

NNNN

POLAROID WORKERS REVOLUTIONARY MOVEMENT

November 2 , 1970

Brothers and Sisters:

The Polaroid Revolutionary Workers Movement is a group of black workers in Cambridge, Massachusetts, who have come together to act and protest against the sale of Polaroid products in South Africa.

We see the South African apartheid system as the symbol of the many 'inhumanities' in the United States. We cannot begin to deal with racism in Polaroid or in the U.S. until Polaroid and the U.S. cease to uphold and support apartheid. Black people in South Africa are enslaved and dehumanized in order to insure the security of apartheid and the capitalists' margin of profit. The United States and its corporate society have made explicit its intentions of profits at any human expense.

We demand that we no longer be used as tools to enslave our brothers and to insure corporate profits.

On October 8, the Movement presented Polaroid Corp. with the following demands:

1. that Polaroid announce a policy of complete disengagement from South Africa. We believe that all American companies doing business there reinforce that racist system.
2. that Polaroid announce its position on apartheid publically, in the US and South Africa.
3. that Polaroid contribute profits earned in South Africa to the recognized African liberation movements.

Polaroid has refused to meet with the PRWM or recognize the demands.

On October 27th, the PRWM called for a world-wide boycott of Polaroid products by all right-on thinking people until Polaroid discontinues all sales in South Africa. We are building a coalition of right-on thinking people to press the demands that Polaroid and all American business discontinue support of the South African racist government.

IMMEDIATE ACTION AND YOUR SUPPORT IS NECESSARY. POWER TO THE PEOPLE.

Please send a copy of any correspondence or action you take to:
Polaroid Revolutionary Workers Movement

POLAROID'S PLUTOCRATS

CARL KAYSEN

- DIRECTOR
as well as:
1. Dir: Institute for Advanced Study at Princeton University
 2. Consultant: Rand Corp.
 3. Deputy Special Assistant to Kennedy for National Security Affairs, 1961-1965

CARLTON FULLER

- DIRECTOR
as well as:
2. former President: Schroder and Rockefeller Company Inc.

H. NECARSULMER

- DIRECTOR
as well as:
2. Kuhn Loeb and Co.: General Partner
 3. Dir: General American Transport Co.

LZ. MORRIS STRAUSS

- DIRECTOR
as well as:
2. Dir: Studebaker Corp.
 3. Dir: Flusen Corp.

DAVID SKINNER

- DIRECTOR
as well as:
2. Dir: General Electric 1924-1942
 3. Dir: SKF Industries; 1942-1944
 4. Trustee: Advoever Newton Thool. Sem.

JULIUS SILVER

- DIRECTOR
as well as:
2. V.P. and Partner: Silver, Saperstein, Bernett and Solonow
 3. Dir: Jewish Theological Seminary
 4. Trustee: N.Y.U.

RICHARD HILL

- DIRECTOR
as well as:
2. Pres. and Dir: First National Bank of Boston
 3. Dir: First Bank Financial Corp.
 4. Dir: Greater Boston Chamber of Commerce
 5. Dir: Ryder System Inc.
 6. Dir: Metropolitan Area Planning Council
 7. Dir: Mass. Transportation Comm.

EDWIN LAND

- PRESIDENT AND CHAIRMAN
OF THE BOARD: POLAROID
as well as:
2. Trustee: Ford Foundation
 3. Dir: International Services Corp.
 4. Fellow: School for Advanced Studies: MIT
 5. Member: President's Foreign Intelligence Advisory Board

JAMES KILLIAN

- DIRECTOR
as well as:
2. Chairman of the Board of the M.I.T. Corporation
 3. Chairman of the Board of the Mitre Corp.
 4. Dir: A.T. & T.
 5. Dir: Cabot Corp.
 6. Dir: General Motors Corp.
 7. Chairman: President's Foreign Intelligence Advisory Bd., 1961-63
 8. Trustee: Mt Holyoke College
 9. Trustee: Alfred Sloan Foundation
 10. Trustee: U.S. Churchill Foundation
 11. Trustee: Institute for Defense Analysis
 12. Pres: Atoms for Peace Inc.





POLAROID CORPORATION

CAMBRIDGE, MASSACHUSETTS 02139

To: All Polaroid Members
 From: G.R. Dicker, Assistant Secretary
 Date: October 6, 1970
 Subj: Polaroid I.D. Sales Practices in South Africa

Polaroid has not sold its I.D. equipment to the government of South Africa for use in the apartheid program.

In view of accusations to the contrary, Dr. Land has asked me to report the facts to the Volunteer Committee and to all company members. They are as follows:

As a matter of corporate policy, Polaroid has consistently refused to sell the Polaroid I.D.-2 System directly or indirectly to the government of South Africa or any agency thereof for use in implementing the apartheid program. Polaroid has rejected such orders from the Bantu Administration and has instructed the local distributor to follow the same policy. Examination of company records indicates that this policy has been fully implemented in practice. All sales of the I.D.-2 System to the South African distributor have been carefully traced to verify the use to which our equipment has been put. There is absolutely no indication whatsoever of the Polaroid I.D.-2 System being utilized by the government of South Africa in implementing its apartheid program.

All sales of the I.D.-2 System have been made to the independently owned and operated local distributor (Fank and Hirsch (Pty.) Ltd.) for resale to industrial users. Approximately 65 I.D.-2 Systems have been sold to Frank and Hirsch since 1967 for resale to industrial users in South Africa for employee identification purposes (exactly as in Polaroid) and to the South African army and air force solely for identifying military personnel.

The local distributor has adhered to our policy and has not resold Polaroid identification systems for use in South Africa's apartheid program. As a matter of information, the distributor is one of the few business concerns actively engaged in opposing the apartheid program. All of the principals of the company are members of the opposition Progressive party and the company is unique in South Africa in its adoption of full equal employment practices for blacks. The same distributor serves the black independent states of Zambia and Lesotho.

South Africa does presently require all of its citizens to carry photographic identification cards. No specification is made as to the source of the photograph. Applicants are able to go to photo studios for photos (charge \$1.00) or to government offices (charge 50¢). All types of photographic film are therefore used in taking such photographs, including Polaroid Types 42 and 47 film obtained from commercial sources. None of such film is supplied by Polaroid. The photographic equipment presently being used by the Bantu Administration is manufactured and supplied by other companies who are in no way affiliated with Polaroid. These systems utilize standard Polaroid pack and roll film which can, of course, be purchased anywhere in the world.

Although Polaroid has been able to deny the South African government access to the Polaroid I.D.-2 System for use in the apartheid program, Polaroid's point of view has apparently not been shared by competing suppliers of identification equipment. Nonetheless, our policy will continue to be vigorously enforced with the full cooperation and assistance of our distributor.

THE RESPONSE:**AT HOME: SPEECH GIVEN BY CHRISTOPHER NIETA,
SOUTH AFRICAN, AT THE OCTOBER 8th PROTEST**

First I wish to state that I feel honored to have been invited by the PNRM to participate in this rally. As a South African Black, and therefore a victim of the policy of apartheid I have, through experience, gained certain insights to the vicious and diabolical nature of this regime.

May I also point out that I think history is being created here. This rally is an unprecedented event in that for the first time in the history of this country workers have taken the initiative to raise questions about their company's involvement and complicity in the affairs of an African country, in supporting and aiding in the exploitation of people in Africa. The importance of this fact cannot be overstressed. I hope this marks the beginning of a movement that will grow stronger and that will spread wider.

The statement written by A.R. Dicker setting forth Polaroid's role in South Africa is a tissue of lies aimed at deceiving and misleading a public that is not well informed about conditions in South Africa. It is a gimmick to allay the fears and concerns of the people about the role of this company in South Africa. I propose to expose the false half-truths that hide the ugly nature of this collaboration with a racist and oppressive government.

The statement is couched in vague and general terms about Polaroid not supporting the "implementing of the apartheid program" directly or indirectly. Yet it does say that the I.D.-2 System is being used by industries, army and airforce. These are the forces that exploit people by paying starvation wages, by providing the power necessary to intimidate people and keep them fearful of opposing the regime. And yet Polaroid wants us to believe that it is not supporting the government in its oppression of the black people of South Africa.

Furthermore, Polaroid says that it is not directly involved in South Africa, but works through a local distributor Frank and Hirsch. You people here from Roxbury know very well the role of the absentee landlord who lives in Lexington Arlington and Belmont and owns rat and roach infested, delapidated apartments in the ghetto and charges exorbitant rents for them. This is what Polaroid is saying: We are not in South Africa yet we receive handsome profits through Frank and Hirsch. He is their representative, doing their dirty work while they retain a respectable image here and use their profits to extend their empire.

It is not true that Frank and Hirsch is an equal opportunity employer. No Black in South Africa can receive a wage equal to a white in the same company or firm. This is prohibited by law. The Progressive Party to which Frank and Hirsch belong is not as "progressive" as Polaroid wants you to believe. It does not have Blacks as members. This is the gimmick I talked about--throwing words and names which sound good yet mean little.

Not "all" citizens carry photographed ID cards in South Africa. Only Blacks carry a pass book, a twenty page document that they have to have on their person twenty-four hours a day, the failure of which constitutes a crime. Whites, Coloreds and Asiatics carry cards which they are not required to produce on demand by a policeman at all times. This I say is a blatant lie that Polaroid wants you to believe.

I therefore wish to present Polaroid with the following demands:

1. I call upon Polaroid to disengage completely from South Africa--to stop doing business there, directly or indirectly.
2. To make a public statement condemning apartheid to be published in the U.S. and in South Africa.
3. To turn over some of its ill-gotten profits to the liberation movements in South Africa who are fighting for a better life for Blacks in South Africa.

AND IN SOUTH AFRICA...

Polaroid claim is denied

A DIRECTOR of Frank and Hirsch Limited, the sole importers of Polaroid equipment into South Africa, denied today that a policy of equal advancement between Black and White staff members existed with the company.

The Polaroid Corporation in the United States claimed this recently during confrontations with its Black employees, who are demanding that the corporation withdraw all its business from South Africa.

Frank & Hirsch were unique in South Africa, a Polaroid spokesman was reported as saying, in that they had adopted a full equal employment practice for Africans.

"I do not know where they could have obtained such a statement," Frank & Hirsch director Mr. O. J. Berman said.

"We are governed by the laws of the country. Would they allow the existence of

such a policy? It is not possible."

Within the framework of the law it would advance all employees on merit and ability.

Mr. Berman would not comment on the number of Africans employed by the company, or their wages.

Two Polaroid officials are at present visiting South Africa to investigate how the corporation's products are involved with the policy of apartheid.

Black workers at the corporation's Massachusetts plant claimed Polaroid cameras were being used for pass book photographs.

**THE STAR
JOHANNESBURG**

November 21 1970

NO NON-WHITES OVER WHITES

Political Correspondent

EAST LONDON. — Mr. Murray Viljoen, the Minister of Labour, told Cape Nationalists at their 1970 congress here recently he would act "within hours" if a White worker anywhere in South Africa was placed under the authority of a non-White.

Following a congress discussion on labour which reflected a veridical attitude—"the show must go on, even without White labour"—Mr. Viljoen said the Government was determined to protect the position of the country's White workers.

At the same time, however, non-Whites would be allowed to move into jobs for which no Whites were available. But this would be allowed on an orderly basis and the Government would not permit South Africa to be turned into a "mixed market-place."

Mr. Viljoen heavily stressed the two basic conditions for further non-White involvement in the economy: no White worker should be pushed out

of his job and no White worker should come under the authority of a non-White.

ACTION

If a situation was brought to his notice in which a White worker was pushed out by a non-White, he would take the necessary action within a week. If he was told about a White placed under a non-White's authority, he would act "the very next morning."

DEVELOPMENT

Mr. Viljoen said the Government wanted development in South Africa. It also wanted the non-Whites to have jobs.

"Under the Nationalist party

non-Whites have more jobs than ever before and in the years to come they will get even more work." But the basis had to be an orderly one.

When the South African Government allowed non-Whites into White jobs this would be done on a controlled basis "with due regard to the availability of White labour, White feelings and the opinions of the White-orientated trade unions."

"On this basis, I believe we will cope with our economic situation."

**POLAROID'S FIRST ADVERTISEMENT
APPEARED IN BOSTON NEWSPAPERS
THE WEEK OF NOVEMBER 25th**



What is Polaroid doing in South Africa?

Polaroid Corporation has been selling its products in South Africa since 1938. We sell cameras and film and sunglass lenses to a local distributor there. Our business isn't large compared to what we sell in other countries. As a matter of fact it is about equal to our business with a single big American department store.

We have no company in South Africa. No plant. No investments.

Recently a group who call themselves revolutionaries have demanded that we stop doing business with our customers in South Africa. There are several hundred American firms who have their own companies or factories in South Africa and many more who sell products there as we do. It is claimed that American business, by its presence, is supporting the government of South Africa and its policies of racial separation and subjugation of the Blacks.

Why was Polaroid chosen to be the first company to face pressure (handbills, pickets, a boycott) about business in South Africa? Perhaps because the revolutionaries thought we would take the subject seriously.

They were right. We do.

We have built a company on the principle that people should be recognized as individuals.

We abhor *apartheid*, the national policy of South Africa, that divides the races and denies even the most fundamental individual rights to Blacks.

So what is Polaroid doing about South Africa? Is it going to stop doing business there?

We don't know.

That may seem an unusual answer for an American corporation to make. But we feel the question of South Africa is too important and too complex for a hasty decision. We want to understand what is the best solution for the black people of South Africa.

And we feel that solution will be the best one for us too.

We have formed a committee of people from all over the company. Black and white, women and men, hourly and salaried employees. They want to try to understand the complexities of South Africa. A big undertaking? Indeed it is.

Should we stop doing business there? Our financial stake is certainly small. (Less than half of one percent of our worldwide business.) What effect would cutting off business have? Would it put black people out of work there? Would it influence the government's policies? Should we perhaps try to increase our business there to have a stronger say in the employment of Blacks? Should we try to establish businesses in the nations of free black Africa?

How do you answer tough questions like these? The committee is talking to South Africans, both black and white, to economists, to political scientists, to educators. It is reading, studying films, asking questions that require research to answer.

And it is sending four of the group to South Africa. They are going to see and question and report for themselves. South Africa is 10,000 miles away from Cambridge, Massachusetts. They don't want all their information secondhand.

Why is Polaroid concerned about South Africa?

Because, if a corporation has a conscience it must be considered to be the collective conscience of the people who manage the company and those who work there. Injustice to Blacks in South Africa concerns many black people and many white people no matter where they live.

We feel South Africa is a question that other companies will try to answer in the future. We seem to be the first. Our answer may not be right for other companies. But we intend to take the time and effort and thought to be sure it is right for us.

When we know what it is, we want to tell you about it.

POLAROID TAKES A TRIP... FOUR EMPLOYEES SENT TO SOUTH AFRICA TO UNCOVER THE "FACTS"

THEIR TRIP:

HAVING A GREAT TIME-- WISH YOU WERE HERE!...

POST, December 12, 1970

Johannesburg

Pass-Camera bosses hear Soweto

POLAROID, the company that produces instant cameras used for photographing millions of Africans applying for reference books, sent two Black American executives out here on a fact-finding mission. Their reports might stop sales of the "pass camera" to South Africa.

The fact-finding mission was sparked off by threats from American freedom movements that they would boycott Polaroid if they continued to sell the cameras to an apartheid Government.

The four-man mission flew back to America on Thursday. Before they left they said they would not reveal their findings until they had reported to the firm's workers' committee.

The two outspoken Black representatives, Mr. Chuck Jones and Mr. Ken Anderson, told POST this week: "We are totally against the principles of apartheid. We are aware that the pass system is enslaving the Black man in this country. This is the message we're going to take back to America."

Also, they've told the local branches of their company to pay their workers R120 instead of R80. "This would be a living wage for a family man with three children," said Mr. Jones.

Their first port-of-call in Soweto was the "Fish Pond," the well-known eyetime joint in Dube Village.

"I'll tell my buddies back home what a ball we had in this country. Imagine how excited they'll be when I tell them about our visit to a Soweto (pronounced Sew-ee-to) speakeasy," said the jovial Mr. Jones.

5-star hotel

The two executives booked in at a Johannesburg five star hotel, along with two White Americans who are on the same mission.

Mr. Jones said they were mainly interested in the ordinary man in the street. "And he's told us that his pass, and his photo taken on a Polaroid, stand for injustice."

"For this reason we can recommend to the company that they immediately stop the supply of their products to South Africa because they are promoting the cause of apartheid," he said.

On the other hand some Africans had told him the sales of Polaroid cameras should be encouraged.

Said Mr. Jones: "One intellectual in Dube Village told me the 'pass camera' was good because it only took a few minutes of humiliation to get the picture done.

"If Polaroid stopped selling cameras here for political reasons the Government would get a ready dealer to provide a slower camera. Then the process would take a lot longer."

He said they had already recommended that Polaroid make an annual grant for the education of the children of their African employees out here.

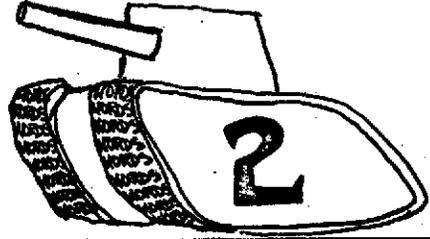
He conceded that there was an air of cloak-and-dagger secrecy over their visit.

"We are treading on dangerous ground. Our company is threatened by a boycott by a lot of people, especially by the radical freedom movements. They say we're assisting apartheid," he said.

THEIR CONCLUSIONS:
[Boston globe: jan. 12th]

"Black South Africans felt that if nothing could be done to stop the system, Polaroid film could be an asset. They wouldn't have to stand in the sun so long," said Chuck Jones, a member of the committee.

ONE MONTH LATER:
POLAROID'S SECOND AD
APPEARED IN EIGHT WHITE
ESTABLISHMENT NEWSPAPERS and
TWENTY BLACK NEWSPAPERS
ACROSS THE U.S.



An experiment in South Africa

Polaroid sells its products in South Africa as do several hundred other American companies. Our sales there are small, less than one half of one percent of our worldwide business.

Recently a group has begun to demand that American business stop selling in South Africa. They say that by its presence it is supporting the government of the country and its policies of racial separation and subjugation of the Blacks. Polaroid, in spite of its small stake in the country, has received the first attention of this group.

We did not respond to their demands. But we did react to the question. We asked ourselves, "Is it right or wrong to do business in South Africa?" We have been studying the question for about ten weeks.

The committee of Polaroid employees who undertook this study included fourteen members — both black and white — from all over the company. The first conclusion was arrived at quickly and unanimously. We abhor *apartheid*, the national policy of South Africa.

The *apartheid* laws separate the races and restrict the rights, the opportunities and the movement of non-white Africans. This policy is contrary to the principles on which Polaroid was built and run. We believe in individuals. Not in "labor units" as Blacks are sometimes referred to in South Africa. We decided whatever our course should be it should oppose the course of *apartheid*.

• • •
Can you learn about a country in ten days? No. Nor in ten weeks. But our group learned one thing. What we had read and heard about *apartheid* was not exaggerated. It is every bit as repugnant as we had been led to believe.

The group returned with a unanimous recommendation.

In response to this recommendation and to the reports of the larger study committee, Polaroid will undertake an experimental program in relation to its business activities in South Africa.

For the time being we will continue our business relationships there (except for sales to the South African government, which our distributor is discontinuing), but on a new basis which Blacks there with whom we talked see as supportive to their hopes and plans for the future. In a year we will look closely to see if our experiment has had any effects.

First, we will take a number of steps with our distributor, as well as his suppliers, to improve dramatically the salaries and other benefits of their non-white employees. We have had indications that these companies will be willing to cooperate in this plan.

Our business associates in South Africa will also be obliged (as a condition of maintaining their relationship with Polaroid) to initiate a well-defined program to train non-white employees for important jobs within their companies.

We believe education for the Blacks, in combination with the opportunities now being afforded by the expanding economy, is a key to change in South Africa. We will commit a portion of our profits earned there to encourage black education. One avenue will be to provide funds for the permanent staff and office of the black-run Association for Education and Cultural Advancement (ASECA). A second method will be to make a gift to a foundation to underwrite educational expenses for about 500 black students at various levels of study from elementary school through university. Grants to assist teachers will also be made from this gift. In addition we will support two exchange fellowships for Blacks under the U.S.-South African Leader Exchange Program.

Polaroid has no investments in South Africa and we do not intend to change this policy at present. We are, however, investigating the possibilities of creating a black-managed company in one or more of the free black African nations.

Why have we undertaken this program? To satisfy a revolutionary group? No. They will find it far from satisfactory. They feel we should close the door on South Africa, not try to push it further open.

What can we hope to accomplish there without a factory, without a company of our own, without the economic leverage of large sales? Aren't we wasting time and money trying to have an effect on a massive problem 10,000 miles from home? The answer, our answer, is that since we are doing business in South Africa and since we have looked closely at that troubled country, we feel we can continue only by opposing the *apartheid* system. Black people there have advised us to do this by providing an opportunity for increased use of black talent, increased recognition of black dignity. Polaroid is a small economic force in South Africa, but we are well known and, because of our committee's visit there, highly visible. We hope other American companies will join us in this program. Even a small beginning of co-operative effort among American businesses can have a large effect in South Africa.

How can we presume to concern ourselves with the problems of another country? Whatever the practices elsewhere, South Africa alone articulates a policy exactly contrary to everything we feel our company stands for. We cannot participate passively in such a political system. Nor can we ignore it. That is why we have undertaken this experimental program.

Polaroid Corporation

AND FROM SOUTH AFRICA...

Financial Mail January 22 1971 [A SOUTH AFRICAN MAGAZINE]

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FM CURRENT AFFAIRS

Progress or propaganda?

The decision by the US photographic firm, Polaroid, to resist mounting pressure for a boycott, and to continue selling to South Africa ("but on a new basis") has been hailed by the company's friends as a return to sanity, and condemned by its enemies as an insult to all Black people.

SA's Ambassador in the US, Mr H. L. T. Taswell, has criticised the decision for displaying a "holier-than-thou" attitude. Economics Minister Lourens Mulder has said he has no objections.

What are the facts? First, Polaroid products, which include identity card systems, industrial products, cameras and films, will be available on the SA market as before.

Next, Polaroid has announced that its SA distributor, as well as that company's suppliers of locally made Polaroid parts, are to improve non-White wages "drastically."

The distributor is Frank & Hirsch (F&H). It employs a few Coloureds and Indians and 153 Africans. Of these, 37 are classed as unskilled and receive a minimum wage of R60 a month. This is R10 to R15 a month more than the minimum laid down in the wage determination for the distributive trade, but is R3 a month less than the subsistence minimum the Johannesburg municipality calculated was necessary in 1969 for a family of six in Soweto.

It is R35 a month less than the Institute of Race Relations regards as the effective minimum monthly income needed to pay, not only for subsistence needs like food, clothing and shelter, but also for the bare minimum of furniture, personal care and so on.

Polaroid has said that F&H will be obliged to initiate a well-defined programme to train non-Whites for important jobs.

Presently the company employs several African supervisors and one African mailing clerk. These are considered to be the most important African jobs in the organisation.

One or two of the supervisors were appointed this week and were awarded

salary increases of R10 to R20 a month. Most of them now receive between R150 and R200 a month.

This is similar to the range of salaries F&H, like other Johannesburg firms, pays its junior White typists.

Could African employees rise to higher positions than supervisor? Presently Black supervisors at F&H have no control over the work of Whites and government has made it quite clear that as a general principle it will not allow Whites to work under Blacks.

So it would appear that Africans at F&H could not aspire to managerial status, except in all-Black departments.

For the same reason it would seem that Blacks are blocked from the board.

Polaroid sunglasses are made in this country by SA Sunglasses. It employs 14 Africans and two Whites. The most senior African is the factory supervisor who gets R23 a week. The most senior job is managing director, a position filled by the owner of the firm. Just how SA Sunglasses could "initiate a well-defined programme to train non-Whites for important jobs within the company" is therefore hard to imagine.

On the education front, however, Polaroid's experiment looks more promising. For a start it is giving a substantial amount (said to be about R10 000) to the African controlled Association for Education and Cultural Advancement. According to Aseca's President, Manasseh Moerane, this is the amount the Association needs to establish and staff an office for a year.

One of Aseca's main aims is to raise money for African school buildings and teachers' salaries. It also gives bursaries to trainee teachers.

Also on the education front, Polaroid intends making a gift to a foundation to "underwrite educational expenses for about 500 Black students".

If "underwrite" means "pay for" and if the 500 were divided equally between elementary schools (half

boarders), high schools (also half boarders), universities and teacher training colleges, the cost would be R58 000 a year.

The Institute of Race Relations, which runs 11 bursary funds, including the Isaacson Foundation Bursary



Identity card system . . . still available

Fund and the Robert Shapiro Trust, would be the ideal body to administer an amount like this.

Polaroid has not disclosed its SA profits, but its sales are R1m to R1.5m a year. Its net profit margin on total sales is 13.8 per cent and assuming this ratio applies to sales to SA as well, the company's SA profits could be in the region of R150 000 to R200 000 a year.

The more it ploughs back into African education, the more friends it should win — at least in this country.

† One South African Rand (R) equals \$1.40 in U.S. currency. Thus, R60 equals \$84.00.

THE RESPONSE ...

POLAROID WORKERS!

The Polaroid Company, since our protest began, October 5, used all techniques, such as advertisement, bribery, intimidation, and financial harassment, treachery and lies to cover the magnitude of its deeds in South Africa. Edwin H. Land founded Polaroid in 1937. In 1938 he began to build his \$600 million empire off the back of black South Africans. His personal goals of controlling the world through photography—the instant ID-2 system—have been perfected in South Africa and is being sold throughout the world as a repressive tool of technology.

Polaroid Revolutionary Workers' Movement will enforce an international boycott against Polaroid until they completely disengage from South Africa or until South Africa is liberated in the name of her peoples.

PRWM calls upon all right-thinking people to boycott all Polaroid products until Polaroid is forced out of South Africa.

We see the South African apartheid system as the symbol of the many inhumanities in the United States. We cannot begin to deal with racism in Polaroid or the U.S. until Polaroid and the U.S. cease to uphold and support apartheid. Black people in South Africa are enslaved and dehumanized in order to ensure the security of apartheid and the capitalists' margin of profit. The United States and its corporate society has made explicit its intention of profits at any human expense.

We demand that we no longer be used as tools to enslave our brothers and ensure corporate profits. The Polaroid Revolutionary Workers' Movement and our black brothers in South Africa have dedicated their lives to the struggle of oppressed peoples.

Issued 1/12/71 in response to Polaroid ad

AT HOME... ROXBURY, MASS.

Early in December 1970, Polaroid donated \$20,000 to Boston's Black United Front. The Front already supported the boycott of all Polaroid products. Now it had to decide what to do with Polaroid's gift.

At a special meeting in Roxbury, more than 200 members of the black community decided to accept the money, but to give one half of it to the African National Congress, a liberation movement in South Africa, and the other half to the Black United Front in Cairo, Illinois.

This decision followed a dramatic confrontation between Ken Williams of the PWRM, and John Carrington, a black administrator from Polaroid. Williams accused Polaroid of bribing black people. Carrington claimed that the money was given with no strings attached. As the argument became heated, Williams told Carrington: "I have tried to encourage the brothers in Polaroid to put aside their personal gains for the common interest. If you want to be a big man, be a black man." After the decision, Polaroid privately spread the word that corporate contributions to the Front's activities would be hurt by the action. Polaroid was particularly bitter because its trick backfired: the black community refused to be divided or bought off. The decision indicated that black people demand liberation, not liberalism, from white corporate America. This fact, more than the loss of a mere \$20,000, was what frightened and annoyed Polaroid.

DAVID DEITCH

Polaroid and Black Front

Something that the corporate state is great at doing is diverting people's attention from fundamental issues to trivia, disguising what is basic under a barrage of advertising and plastic gimmickry that promises material salvation in exchange for public power. This typical perversion of values is contained within the Polaroid-in-South Africa situation.

The issue of Polaroid in South Africa has been complicated recently by the corporation's donation of \$20,000 to the United Black Appeal, the fund-raising arm of the Black United Front, which had based its solicitations for use of the gifts on local black development projects. In this case, however, the Front decided to split the \$20,000 gift between black liberation organizations in South Africa and the Black United Front of Cairo, Ill., where sporadic civil war has been underway.

Polaroid said that it was "shocked" by the Front's decision, and the Bay State Banner, a black weekly that dutifully carries the corporate message into Roxbury, predicted that the corporate money tap would be shut off in retribution. By calling the Front's credibility into ques-

Boston Globe, Jan. 11, 1971

tion and emphasizing this point through the media, Polaroid has succeeded in diverting public attention from the fundamental issues of its involvement and tacit support of racist South Africa, and the fact that its identification equipment is being used in many other places as an instrument of human oppression.

Since last fall, the Polaroid Revolutionary Workers Movement has been pressuring the company to disengage from South Africa and support black liberation there with money and by serving as a model for other corporations with a "liberal image." For Polaroid, the RWM was the black plague because of its uncompromising moral stand. It was the enemy that couldn't be negotiated with.

The question was whether the Black United Front would also consider RWM the enemy and the answer was no. To its credit, the Front took the same moral stand designed not only to unite a very large chunk of the black community in this area, but also to express solidarity with oppressed blacks everywhere in the world.

Polaroid has sent a delegation of four workers (since returned) to South Africa to "help it decide" whether to leave or stay. One wonders what sort of fundamentally important information the delegation expected to find out that the company didn't already know.

If Polaroid pulls out of South Africa, as it should, then one important RWM demand will have been validated by the company itself. Under the circumstances it would be insinuated to complain that \$10,000 of its money is being used for black South African liberation, and it should make another big contribution. If Polaroid does not pull out, the Front can hardly be faulted for contrasting its own moral consistency with Polaroid's contradictions.

The basic issue is not what the Front did with Polaroid's money but whether Polaroid gets out of South Africa. The public relations aspect of this story must not be allowed to obscure the overriding moral issue which is Polaroid's role in the system which oppresses human beings. This applies to any white liberal interested in fighting repression and protecting his own eroding liberties.

Attempts, legal and otherwise, might be made to block the Front's fund-raising capability because of its Polaroid stand. This would be unfortunate and simply expose the conditional nature of the donations from people who believe themselves to be well-meaning. It would, once again, expose the reality of corporate liberalism.

Polaroid denies that its \$20,000 contribution was an attempt to rebuild its crumbling image. There is some controversy over how direct this effort was. The subsequent pressure on the Front by Polaroid and others, however, indicates that the donations are made less because it's the right thing to do and much more for political purposes.

...ANDOVER-NEWTON THEOLOGICAL SEMINARY

THEREFORE BE IT RESOLVED

by the Student Cabinet, the Faculty, and the Board of Trustees of Andover-Newton Theological School

AND COMMUNICATED

directly to Edwin H. Land, President of Polaroid Corporation, through the office of the President Roy Pearson

That, we, the community of Andover-Newton Theological School, do support and endorse the boycott of all Polaroid products until the aforementioned demands disengaging Polaroid from all relationships with the white ruled regime of South Africa are met in full,

That, we trust that Polaroid will react immediately to its economic, political, and moral imperatives to meet these demands, even as Polaroid has been noted as being a humanitarian and deeply concerned institution,

That, Polaroid realize the significance of its disengagement from South Africa as a political incentive for other corporations of the business world and for the government of the United States to follow the example of disengagement and as a consciousness raising action to educate the people of the United States to the real events of the racism of South Africa,

That, such noted action on the part of Polaroid should be conceived as exemplary toward the examination of the institutional racism built into and permeating, often in covert ways, social systems within our country, including even our own theological school,

And

That, this resolution be made public through the office of the President of the school, copies being made accessible to the news media, and copies being sent directly to the heads of religious bodies and to the presidents of theological institutions in the United States, and copies being sent directly to the heads of religious bodies within South Africa.

This Resolution has not yet been adopted by either the Faculty or Trustees despite strong student support for it. Significantly, David Skinner, the President of this divinity school, is also a Director of Polaroid.

WHAT YOU CAN DO TO HELP

Do Not Buy Any Polaroid Products

*Insist that the Stores You Patronize Do The Same
Urge Organizations You Belong to to Take A Stand*

If You Are A Student:

*Find Out if Your School Owns Polaroid Stock
Stop Your Campus Store From Selling Polaroid Products
Find Out if Your School Owns Polaroid Stock
Pressure them to sell or Notify the PWRM
Stop Polaroid Recruiters from Using Campus Facilities
Do Not allow yourself to be Photo-Identified by Polaroid ID 2 Equipment*

If You Are A Stockholder:

*Allow us to use your shares in a stock challenge
to reverse Polaroid's South African involvement*

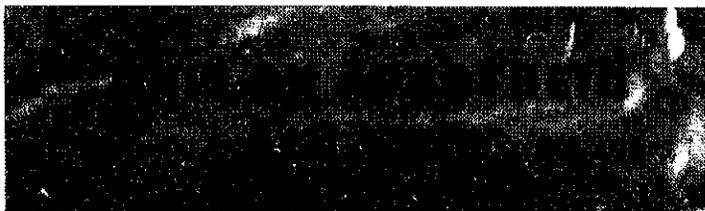
If You Are A Worker:

*Is Your company involved in South Africa?
Find Out. Get your union working on it
and form a group to act yourself*

POLAROID DISTRIBUTION CENTERS

Atlanta, Ga., 3720 Brown Mill Rd., S.E.
Burlingame, Calif., 875 Stanton Rd.
Cleveland, Ohio, 4640 Manufacturing Rd.
Dallas, Texas, 9029 Governors Row
El Segundo, Calif., 2040 Maple Ave.
Needham, Mass., 140 Kendrick St.
Oak Brook, Ill., 2020 Swift Drive
Paramus, N.J., W-95 Century Rd.

APPENDIX 2



No. 21/71

NOTES AND DOCUMENTS*

May 1971

A LETTER TO THE WORKERS OF AMERICA

by

Mark Williams-Shope
General Secretary
South African Congress of Trade Unions

The following letter by Mr. Mark Williams-Shope, General Secretary of the SACTU, on behalf of the organization, was transmitted to the Special Committee on Apartheid by the Permanent Representative at the United Nations of the World Federation of Trade Unions to which SACTU is affiliated. It is published by the Unit on Apartheid at the request of the Special Committee.

SACTU, a non-racial trade union federation, is unable to function freely in South Africa because of the imprisonment and banning of all its leaders. It has an office in exile at P.O. Box 2541, Lusaka, Republic of Zambia.

A LETTER TO THE WORKERS OF AMERICA

The South African Congress of Trade Unions (SACTU) places on record its most sincere appreciation and full support for the initiative taken by the Polaroid Revolutionary Workers' Movement (PRWM) to prevent the products manufactured by the Polaroid Corporation from being used in the implementation of the policies of apartheid of the Government of South Africa.

We fully endorse the demands made by the PRWM, that is, "that Polaroid Corporation disengage completely from South Africa" and "that the management meet the entire company and announce its position on apartheid in the United States and South Africa simultaneously."

SACTU believes that an important lesson is to be drawn from the militant action taken by the thousand black workers at the Polaroid Corporation. They gave leadership and guidance to the very important role the workers of America can and must play in the struggle against racialism and racial discrimination in South Africa. The American workers can, through direct action against American companies investing in South Africa, participate directly in the destruction of a socio-political system that is fundamentally and essentially racist, brutal, and immoral and inimical to every decent and humane value worth mentioning.

The action of the Polaroid Revolutionary Workers' Movement is not only a guide to all American workers but to all workers in Great Britain, France, West Germany, Japan, Italy and Switzerland - countries with heavy investments in South Africa.

As a result of the action of the PRWM, a vice-president of Polaroid issued the following statement on November 21, 1970: "Polaroid has in the past prohibited the sale of its identification system to the South African Government for use in the apartheid passbook programme. We are now discontinuing sale of any Polaroid products, including film, directly or indirectly, which might be used in this identification programme..."

WHAT IS APARTHEID?The pass laws

Every African man, woman and child over the age of 16 years is required by law to carry a "passbook" - which is known to the Africans as their "badge of slavery". An African is not allowed to live or work in any area without permission. The pass which lists identity, permitted place of residence and/or work, record of employment and payment of taxes. Any African is liable to have his pass inspected by the police at any time, anywhere, and if he is not carrying the pass on him, or if he is in an unpermitted area, or if the pass is not in order (even if only technically), he will be arrested. Many of those arrested are summarily sent to work, without pay, on the farm-jails for white farmers. There have been thousands

of cases where a young African of 16 or 17 years slips out of the house for a few moments without his pass, is arrested and sent to a farm-jail. His parents are not notified by the police. Only when the child returns, months later, from the farm-jails, do the parents learn what happened to their child.

The worst feature of South African law is the number of Africans who are arrested and sentenced to imprisonment under the pass laws. The toll is huge. During the year ended June 30, 1966, more than 850,000 Africans were prosecuted for what might be called "apartheid offences", that is, offences based entirely on racism and non-existent in any democratic society. This figure (850,000) includes only those cases where Africans were charged under laws specially designed for what is now referred to as "Bantu control". In 1966-67 the number exceeded a million and in 1967-68, 1,100,000. (Annual Reports of the Commissioner of South African Police, RP. 39/1967 and RP.47/1969.) Recent reports indicate a sharp increase in the number of arrests under the pass laws as police "seek out" black freedom fighters in the towns and cities.

No vote

All whites over the age of 18 years have the right to vote and be elected to all the governing bodies in the Republic. The entire mass of Africans, Coloured people and Asians have no say in the making of the laws that govern them; nor do they have the right to express opposition to racially oppressive laws enacted by the white Parliament.

We do not intend to give an exhaustive outline of all the restrictive laws enacted by the white Parliament to keep the black peoples in permanent subordination to the white ruling group - a subordination which has many similarities to classic slavery. We propose, however, to deal with some of the more important oppressive laws.

The philosophy of race superiority

Apartheid is based centrally and fundamentally on the theory that whites are inherently superior to the blacks in South Africa. A man's legal, political, social and economic position within the South African society is determined by his racial origin, and thus, the colour of his skin. Emphasizing this in the House of Assembly in January, 1963, Prime Minister Dr. H.F. Verwoerd said:

"We want to keep South Africa white... 'keeping it white' can only mean one thing, namely, white domination, not 'leadership', not 'guidance' but 'control', 'supremacy'..."

This has been restated by the present Prime Minister and other Cabinet Ministers.

Opposition to apartheid equals communism

All genuine opponents of the white racists are labelled "communists" and thousands of "communists" are today serving prison sentences, or are banned, banished, detained or driven into exile. Under the Suppression of Communism Act of 1950, thousands of people opposed to the Government have been prosecuted.

According to the Johannesburg Star of November 30, 1968, "the number of people banned from participating in organizations, trade unions or attending gatherings and restricted to defined areas is over 1,000".

Under the very loose definitions of the Act, "communism" includes "...any doctrine or scheme...which aims at bringing about any political, industrial, social or economic change within the Union (of South Africa)..." The definition includes any person whom the Head of State deems to be a "communist".

Detention without trial

Detention without trial has become a standard aspect of South African law. In terms of the 90-day detention law of 1963, any person whom a police officer suspects has committed or intends to commit sabotage or any offence under the Suppression of Communism Act (for instance, that he, being an African, plans to take part in a protest march or demonstration or leaflet distribution campaign) may be detained in solitary confinement for successive periods of 90 days without trial. No court of law has the power to order the release of a detainee; he is not allowed a visit from his relatives, legal counsel or a priest. He is allowed no books - some detainees received the Bible. Over a thousand persons were detained under this law. (Johannesburg Star, October 12, 1964 and Survey of Race Relations in South Africa, 1964.)

The 90-day detention law was conditionally "withdrawn" in 1965 and replaced by the 180-day detention law which permits the Attorney-General to detain any possible witness for successive periods of 180 days until he is prepared to give evidence in a criminal case.

The 180-day detention law was supplemented in 1967 by the Terrorism Act which provides for detention without trial for indefinite periods. The number of political prisoners - including those detained incommunicado without trial under the Terrorism Act, Proclamation 400 (applying to the Transkei) and the 180-day detention law, those banished to remote areas and to so-called "transit camps", and those under house-arrest - totals over ten thousand.

Deaths in detention

Several people have already died in detention. Those known to have died include "Looksmart" Solwandle Ngudle, Suliman Salojee, James Hamakwayo, Leong Yum Pin, Ah Yon, J.B. Takakwe, Nicodemus Kgoathe, Solomon Modipane,

James Lenkoe, Caleb Mayekiso, Alpheus Maliba, Imam Abdullah Haroun, Jacob Monnokgotla and Michael Shivute (a citizen of Namibia).

The BOSS covers all

The BOSS (Bureau for State Security) which became operative in 1969 shrouds all the activities of the political police and its agents under a blanket of secrecy, and makes it a very serious offence for a woman, for example, to disclose that her husband is being detained by the Security Police. Under this law, the Head of Security Police may prevent any evidence - even the evidence of an accused person in his own defence - from being led in a court of law if he "deems it to be contrary to the interests of the State".

APARTHEID AND THE TRADE UNIONS

There are three major trade union co-ordinating bodies in South Africa. The Government recognizes the South African Confederation of Labour and the Trade Union Council of South Africa (TUCSA) in terms of the Industrial Conciliation Act of 1956. The Confederation of Labour consists of registered trade unions of white workers and identifies itself completely with the policies of the white racist Government. The membership of the Trade Union Council of South Africa (TUCSA) consists of registered trade unions of white, Coloured and Indian workers.

The third major trade union co-ordinating body in South Africa is the South African Congress of Trade Unions (SACTU) which is not recognized by the Government but has, on the contrary, been subjected to continuous attacks in the forms of banning, detention or imprisonment of every known official. SACTU believes that the struggle for higher wages and better working conditions for the African, Coloured and Indian workers would be meaningless unless it is bound up with the struggle for all democratic rights. The public functioning of SACTU has been made impossible by the Government practice of destroying its leadership, and it has been forced to operate under conditions of semi-legality.

Black workers not "employees"

African workers are specifically excluded from the definition of "employees" and are thus deprived of the right to register their trade unions. The Industrial Conciliation Act provides for registered - but racially separated - trade unions of whites, Coloured people and Indians. Africans are excluded. The different groups can, with the permission of the Minister of Labour, have a registered union with mixed membership on condition that the Executive Committee consists of whites only.

Job reservation

Job reservation denies the African workers the right to do skilled work. Several decrees barring African workers from employment in specific

industries, affecting thousands of Africans, have been issued - the latest being the barring of Africans from employment as typists, telephone receptionists, clerks and cashiers in factories, shops, hotels and offices.

The widening wage gap

The denial of basic trade union rights to the majority of the workers of South Africa has resulted in the deterioration of their working conditions and a widening of the gap between white and black wages. The following two tables clearly demonstrate the disparity between the earnings of blacks and whites.

TABLE 1

AVERAGE MONTHLY SALARIES AND WAGES IN
DIFFERENT OCCUPATIONS, 1967 AND 1968
(in dollars)

<u>Economic sector</u>	<u>Whites</u>	<u>Africans</u>
Mining (1967)	395	24 *
Construction (First four months of 1968)	357	60
Manufacturing (First four months of 1968)	343	65
Public Service (1967)	209	33

*Plus accommodation in compounds and certain items of food and clothing.

Source: 1968, Survey of Race Relations in South Africa

TABLE 2

INCOME DISTRIBUTION, 1969

	<u>Whites</u>	<u>Africans</u>
Per cent of total population	19.2	68.0
Per cent of all income received	74.0	18.8
Monthly per capita income (average)	95 Rand (\$133.00)	7 Rand (\$9.80)

Source: Financial Mail, Johannesburg, 18 April 1969,
reporting on a research by Market Research Africa.

The per capita income of the whites in South Africa is R1,140 (\$1,596) per year. Whilst South Africa is an extraordinarily rich country with important natural resources and an extensive industrial base, the most striking fact about South Africa is that the large majority of the population, the Africans, live in the most abject poverty.

The poverty of the Africans is a direct result of the system of apartheid. It denies the Africans the possibility of any kind of economic advancement. It denies them all rights which are regarded as normal in civilized countries. With the status of rightless migrant labourers, the Africans are forced to accept whatever work is offered at whatever wages.

A forced labour camp

South Africa is, in fact, a forced labour camp so far as the Africans are concerned. The total result of all the laws and regulations which make up the system of apartheid is to create an indirect system of forced labour. The system was condemned as such as early as 1953 by the United Nations International Labour Organization Ad Hoc Committee on Forced Labour. The changes which have taken place in the laws regarding the Africans since 1953 make the system even more repressive. In an important sense, therefore, the whole South African economic boom and the high rates of return made by the American and other investors in South Africa, have been built on the exploitation of forced labour.

MALNUTRITION AND ILL-HEALTH

White South Africans are among the best-fed and healthiest people in the world. Their main problem is over-nutrition, with the associated problems of heart disease, diabetes and other disorders of affluent societies.

The health of blacks in South Africa makes a shocking contrast. Statistics for Africans are seldom available and one has to try and estimate morbidity and mortality rates by inferential methods. As an example, in 1967, the life expectancy (at birth) for whites was 64.6 and 70.1 years for males and females respectively; for Asians 55.8 and 54.8 years; for Coloured people 44.8 and 47.8 years. The figures for Africans are worse. Coloured people are usually intermediate between the extremes of whites and Africans, in health as in so many other things. It would be surprising if the expectancy for Africans was as much as forty years.

The high death rates for black South Africans are mainly due to malnutrition. Largely as a result of this, infant mortality rates for Africans in South Africa are among the world's highest. In 1967 the rate per 1,000 live births was 24.1 for whites, 54.7 for Asians, 136.8 for Coloured people. No statistics are available for Africans.

A survey in 1966 indicated that half the children born in a typical African reserve in South Africa died before reaching the age of 5 years. (The Star, Johannesburg, May 10, 1969.) Professor John Reid of Natal

University's Medical School said that about a million African children in South Africa were suffering from malnutrition and that the position was likely to grow worse, particularly in the rural areas. (Zambia Mail, August 4, 1969.)

In 1962, kwashiorkor (infantile protein deficiency disease) was made a notifiable disease. Every year 10,000-15,000 African children were reported to have the disease, while less than ten white children were affected. These figures include only cases officially reported.

One of the main consequences of malnutrition is liability to infection, and major killers in South Africa are gastro-enteritis and pneumonia. In the same category comes tuberculosis, and South Africa must be one of the few countries in which the incidence, for Africans at least, is actually rising. In the year ended March 31, 1969, the South African Institute of Race Relations reported, there were 2,500 more cases among Africans than in the previous year, bringing the total to 61,300 for the year.

Small-pox, scarlet fever, diphtheria, tetanus, typhoid and other diseases which exact their toll largely from Africans and Coloured people, reflect the lack of adequate nutrition or the inadequacy or non-existence of immunization programmes.

Glaring poverty is the most obvious and the most important reason for the ill-health among Africans. The African people constitute 68 per cent of the population of South Africa, but their share of the cash income is 18.8 per cent; whites form 19.2 per cent of the population and receive 74 per cent.

The migrant labour system is also to blame. Most young, fit men go off to work in the towns or in the mines. This means double family costs - to keep themselves in the towns and their families back home in the reserves. It also means fewer and less able hands to plough, plant and harvest. Home produce is small and declining.

It is ironic that white South Africans are "over-doctored" with one doctor to every 455 people, while there are only 120 African doctors to serve 13,000,000 Africans (one doctor to about 100,000 people), if the Government chose to apply the relevant laws. This disparity is unlikely to be corrected, as too few African doctors are being trained (seven graduated in 1966, eleven in 1967, ten in 1968), hardly enough to cope with a rapidly increasing population scattered over remote areas with poor communications.

In Soweto (the Government's show-place African township in Johannesburg), there are six African doctors for 600,000 inhabitants. Yet, local authorities have been told not to allow African doctors to establish consulting rooms there, as it is situated in a "white" area. Since only African doctors are permitted to sleep in African townships, this will mean no residential medical care at all for this large complex, as white doctors will not easily be persuaded to visit emergencies at night or over week-ends.

AMERICA'S STAKE IN APARTHEID

The United States Government and Americans are playing a significant role in bolstering the South African economy, thereby helping to perpetuate the system of apartheid.

The United States is the second most important investor in South Africa - next to Great Britain. In 1966 its investments there were valued at approximately R500 million (\$700 million). According to the most recent figures, the dollar area accounted for R675 million (\$945 million) in investments only two years later. (South Africa Reserve Bank, Quarterly Review, December 1969.)

Hundreds of millions of dollars in profits made out of the exploitation of black workers in South Africa has flowed into the United States in the last few years. The following two tables clearly demonstrate the profitability of investing in South Africa. They show, also, the stake of the United States Government and American companies in the maintenance of the status quo in South Africa.

TABLE 3

UNITED STATES: DIRECT INVESTMENT
EARNINGS IN SOUTH AFRICA, 1960-1968
(in millions of dollars)

1960	50
1961	61
1962	71
1963	82
1964	87
1965	101
1966	124
1967	128
1968	120

Source: Survey of Current Business, United States Department of Commerce.

TABLE 4

UNITED STATES: AVERAGE RATES OF RETURN
ON DIRECT INVESTMENTS OVERSEAS 1960-1968*
(percentages)

	<u>South Africa</u>	<u>Total World</u>
1960	17.5	10.9
1961	19.6	11.0
1962	19.9	11.4
1963	20.0	11.3
1964	18.6	11.4

	<u>South Africa</u>	<u>Total World</u>
1965	19.1	11.1
1966	20.6	10.4
1967	19.2	10.1
1968	17.2	10.8

* Percentage ratios of earnings to the value of investments.

Source: Ibid.

Table 4 shows that the average rates of return on investments in South Africa are almost double those for investment in other countries of the world. In other words, it pays the American corporations twice as much to invest in South Africa. It is, therefore, reasonable to suggest that the American workers have a great responsibility in the struggle against racism in South Africa.

The bulk of United States investment in South Africa is in manufacturing, petroleum, mining and smelting and trade. The following table shows the value of United States investment in these industries.

TABLE 5

UNITED STATES: VALUE OF PRIVATE DIRECT
INVESTMENTS IN SOUTH AFRICA BY MAJOR INDUSTRY
(in millions of dollars)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Manufacturing	108	102	126	158	193	237	271	304	332
Petroleum **	-	-	-	-	-	126	138	139	147
Mining & Smelting	46	50	60	63	68	65	73	99	78
Trade	31	39	39	47	49	63	76	88	96
Other	100	113	128	142	158	38	42	36	38
TOTAL	286	304	353	411	467	529	600	666	692

** From 1959 to 1964 data on the petroleum industry was included in "other".

Source: Ibid.

The above partial examination of United States investment in the South African economy shows also the growing stake of the American investors in the system of racialism and oppression in South Africa. It is our sincere hope

that Americans from all walks of life - workers, trade unionists, civil rights workers, churchmen, students and particularly those businessmen who invest in South Africa - would realize that by economic disengagement, the United States could play a significant role in the ending of the system of apartheid. It would also be clear that increased investment in the South African economy does not lead to the gradual breakdown of apartheid. On the contrary, increased investment has strengthened the racist regime to a point where it can defy world opinion with impunity.

SACTU APPEALS

On December 11, 1969, the United Nations General Assembly adopted resolution 2544 (XXIV) which designated the year 1971 as an "International Year for Action to Combat Racism and Racial Discrimination". During this year, the workers of all countries and all progressive organizations are called upon to increase their support for those struggling against racism and racial discrimination.

There are still people, however, who consider apartheid as something remote which occurs at the other end of the globe and does not affect their own lives directly. On the contrary, apartheid concern everyone directly since it involves the whole future pattern of human relations. Apartheid is in conflict with the accepted principle of equality in rights of all human beings and as such it represents a challenge to the conscience of mankind today.

The South African Congress of Trade Unions (SACTU) appeals to the workers of America to extend the movement started by the Polaroid Revolutionary Workers' Movement into each and every industry, each and every corporation and plant with South African connexions. In particular, we appeal to you to submit the following demands to employers in these corporations and plants:

- (a) that all African employees of all South African branches and subsidiaries should be given the right to organize themselves into trade unions and to engage in collective bargaining directly with these employers; and
- (b) that all skilled jobs in these branches and plants in South Africa should be opened to all workers irrespective of the colour of his skin.

We further appeal to the workers of America to demand:

- (c) that all trade union and political prisoners in the South African prisons be released; and
- (d) that the bans imposed on the African political organizations in 1960 be lifted.

APPENDIX 3

SPECIAL COMMITTEE ON APARTHEID HOLDS HEARINGS ON "POLAROID EXPERIMENT" IN SOUTH AFRICA

(On February 3, 1971, The Special Committee on *Apartheid* heard petitioners—Mr. George Houser of the American Committee on Africa and Mr. Ken Williams and Miss Caroline Hunter of the Polaroid Revolutionary Workers Movement—on the "Polaroid experiment" in South Africa. The following is a summary of the statements made by the petitioners. The full texts of the statements are reproduced in Committee documents A/AC.115/L.281 and A/AC.115/L.282.)

STATEMENT BY MR. GEORGE HOUSER

Mr. George Houser said that over the years, the American Committee on Africa had called for disengagement from South Africa. A new dimension had been added to that campaign in the autumn of 1970, when workers at the Polaroid Corporation in Cambridge, Massachusetts, had publicized their demand that the Corporation should put an end to all its business dealings with South Africa. Part of that business was the supply to the South African military of equipment for producing identity cards and film used in making the passbooks, which were a corner-stone of the *apartheid* system. In reply, the Polaroid Corporation had stated that it would stop sales of equipment for passbook purposes, although the same equipment would be available for public sale in South Africa. It had sent a committee of four persons, two blacks and two whites, to South Africa to report on the situation. On 13 January 1971, it had taken out full-page advertisements in a large number of newspapers to announce its decision to continue to do business in South Africa.

It was estimated that the company, which had an annual volume of business in South Africa of the order of \$1.5 million, had spent at least \$50,000 to launch that propaganda campaign. However, it would be a grave mistake to consider the Polaroid was speaking solely for itself.

In an effort to show that it favoured progressive change, Polaroid had announced an experimental programme of assistance to Africans. However, it had admitted, under questioning, that it would operate within the laws of South Africa. The Special Committee was fully aware that African workers in that country had no political rights, their unions were not recognized and strikes were illegal.

The Polaroid agent in South Africa, as quoted in the *Johannesburg Star* of 16 January 1971, had said that he envisaged African employees holding jobs as supervisors of African staff. In that case, the number of opportunities would be very limited, for Polaroid's total black and white staff in South Africa amounted to only 180 people.

Polaroid would also pay the educational expenses of 500 black students, but education for blacks in South Africa was both Government-controlled and specifically designed to prevent any change. The philosophy of the Department of Bantu Education was that education should train people according to their opportunities in life, that it should not create false expectations of unlimited opportunity for the "Bantu" in white areas.

Polaroid's experiment was merely a paternalistic act of charity and the danger was that the programme would be seen as a substitute for the programme being supported by the United Nations, opposition African parties and the people actually waging the struggle against *apartheid*. In the period 1950-1968, United States investment in South Africa had risen from about \$148 million to more than \$800 million, but it had had no influence on *apartheid*, for many laws enacted since 1967 had made the system even more repressive.

The American Committee on Africa would support the Polaroid workers' call for a boycott of Polaroid products and expose the Corporation's campaign of self-justification. At the same time, it urged the Special Committee to call upon those countries which supported the strategy of disengagement from South Africa to join forces in discouraging foreign corporations from maintaining business relations with the Republic.

Mr. Houser pointed out that the really significant thing about the Polaroid campaign was the fact that a workers' movement had taken the lead. His Committee, which had also played a role in putting pressure on American companies to withdraw from South Africa, was glad to be associated with the Polaroid Revolutionary Workers Movement and hoped that the action initiated at Polaroid would spread to the automotive industry and to the oil companies, which for many years had been prospecting for oil in South Africa.

STATEMENTS BY REPRESENTATIVES OF POLAROID REVOLUTIONARY WORKERS'
MOVEMENT

Mr. Ken Williams said that with the ID-2 system developed by the Polaroid Corporation—tested and perfected in South Africa—masses of people could easily be controlled by means of identification cards.

He called upon all nations to boycott the products of the Polaroid Corporation.

Miss Caroline Hunter, reviewing the history of the Polaroid Revolutionary Workers Movement, said that on 5 October 1970 the Polaroid Revolutionary Workers Movement, a group of black workers at the Polaroid Corporation, had initiated a campaign against that Corporation by issuing a leaflet to all Polaroid employees containing general information concerning the Corporation's operations in South Africa. The following day, the Corporation circulated a memorandum stating that Polaroid had not sold its ID-2 system to the South African Government for use in the *apartheid* programme but that sixty-seven ID-2 machines had been sold to the South African Army and Air Force. The memorandum had also stated that Frank and Hirsch, Ltd., Polaroid's South African distributor, had adopted a policy of equal employment opportunity for blacks.

On 8 October 1970, the Polaroid Revolutionary Workers Movement had presented the Corporation with three demands: that Polaroid should disengage from South Africa, that it should make a public statement in both South Africa and the United States confirming its position with regard to *apartheid* and that it should contribute all profits made in South Africa to recognized African liberation movements. On 21 October 1970, the Polaroid Corporation had issued a press release stating that it would discontinue the sale in South Africa of any of its products, including film, used directly or indirectly in South Africa's passbook programmes.

On 27 October 1970, the Polaroid Revolutionary Workers Movement, in order to emphasize the urgency of its three demands, had called for a world-wide boycott of all Polaroid products. Meanwhile, Frank and Hirsch, Ltd. had publicly denied that it practised an equal employment opportunity policy, stating that the South African Government would not allow such a policy to exist. On 25 November 1970, the Polaroid Corporation had published an announcement in all the Boston newspapers claiming that it wanted to understand the complexities of the situation in South Africa and planned to form a committee which would go to South Africa and investigate conditions there. During December 1970, Polaroid had in fact sent a group to South Africa composed of two black and two white employees.

On 12 January 1971, Polaroid had announced its findings at a closed press conference, and the following day had published an announcement, entitled "An experiment in South Africa", which had appeared in newspapers all over the country. The crux of that announcement was that Polaroid would not withdraw from South Africa since it was in the best interests of the black population of that country for it to remain. Since the Polaroid experiment was an insult to the Polaroid Revolutionary Workers Movement and to everyone striving for the liberation of black South Africa, the Movement would continue to press for an international boycott of all Polaroid products. It called upon the Special Committee to support that boycott and to use its influence to persuade the Polaroid Corporation to abandon its operations in South Africa.

The Polaroid experiment in South Africa was dangerous not only because the ID-2 equipment was a tool of repression and was very useful in maintaining the *apartheid* system, but also because it gave other American and foreign businesses an opportunity to continue to support the racist regime and at the same time, by providing training for black workers, to provide a solution to South Africa's acute labour shortage.

In reply to a question, Miss Hunter explained that the ID-2 system included a camera, instant processor and laminator and could produce a photo ID card in two minutes and 200 photo ID cards in an hour. While the system served a useful purpose in the United States, it became a dangerous weapon in the hands of a repressive minority dictatorship.

STATEMENT BY THE CHAIRMAN

Chairman of the Special Committee, H. E. Mr. Abdulrahim Abby Farah (Somalia), said that it was important to identify the intentions behind the Polaroid Corporation's proposals. It had advertised a programme aimed at improving the wages of its African employees and instituting better training programmes, but as the representative of the American Committee on Africa had pointed out, the net result of its proposals was that it would maintain its presence in South Africa. Furthermore, the proposed programme ignored certain relevant legislative enactments of the South African Government which enshrined discrimination as the basis of South Africa's employment policy and were designated to maintain the *status quo* by statutory means.

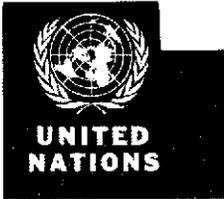
The South African laws empowered the Minister of Labour to prohibit anyone from doing any job because of his race: he could, *inter alia*, prohibit the replacement of workers of one race by those of another, thus ruling out the possibility that African employees might be upgraded at the expense of white employees. Moreover, in 1970, the Minister of Bantu Administration had prohibited Africans from holding jobs as typists and telephone operators, among other things. The South African Government had stated on many occasions that no white man would ever take orders from an African.

In the light of those facts, it would be interesting to learn which positions were held, both in the United States and in South Africa, by non-white workers in the Polaroid Corporation and which positions would be open to such workers in South Africa if the Corporation's new employment policy was put into effect. Its proposals must be viewed within the context of South Africa legislation and of the conditions created by that legislation.

He expressed the hope that a representative of the Polaroid Corporation would be in a position to testify before the Committee, since its policy could have repercussions far greater than might be believed from a first reading of its cleverly-worded but perhaps somewhat misleading advertisement.

He thanked the petitioners for the information they had given the Committee and the forms of action against *apartheid* which they had suggested. Their co-operation was representative of the kind of support which the Committee expected from the public.

APPENDIX 4



No. 7/71

NOTES AND DOCUMENTS*

February 1971

FACTS AND FIGURES ON SOUTH AFRICA
(with special reference to racial discrimination)

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POPULATION

1

	1960 Census	1970 Census -	
	<u>Number</u>	<u>Number</u>	<u>Per cent</u>
Whites	3,080,159	3,779,000	17.7
Coloured people	1,509,053	1,996,000	9.4
Asians	477,047	614,000	2.9
Africans	<u>10,927,922</u>	<u>14,893,000</u>	<u>70.0</u>
Total	15,994,181	21,282,000	100.0

1/ Republic of South Africa, Bulletin of Statistics; House of Assembly Debates (Hansard), 25 September 1970, col. 5132.

AFRICAN RESERVES

1

According to the South African Government, the Africans who constitute 70% of the population have rights only in the scattered reserves ("homelands") which are now less than twelve per cent of the area of the country and will eventually be expanded to cover thirteen per cent. It claims that the rest of the country is a "white area".

2

The Government claims that the Africans constitute eight or nine "nations" and that the reserves are their "homelands". These "homelands" constitute scattered pieces of land, as follows:

<u>Ethnic Group</u>	<u>Population (1960 census)</u>	<u>Number of separate pieces of land in the reserve</u>	<u>Total area of the reserve (in morgen)</u>
Xhosa	3,045,000	2 (Transkei) 17 (Ciskei)	3,980,647 1,035,903
Zulu	2,867,000	29	3,585,212
Swazi	334,000	3	519,057
North Sotho	971,000	3	1,947,277
South Sotho (Witziesshoek)	1,283,000	1	50,000
Tswana	1,149,000	19	4,330,135
Tsonga (Shangaan)	511,000	4	890,716
Venda	246,000	3	935,800

(1 morgen = 2.1/9 acres)

1/ Group Areas Act, No. 44 of 1950 as amended, read with Bantu Homelands Citizenship Act, No. 26 of 1970.

2/ Reply to a question by the Deputy Minister of Bantu Development. House of Assembly Debates (Hansard), 7 February 1969, cols. 320-321. Preliminary figures from 1970 Census indicate that the African population is made up of 3,970,000 Zulu, 3,907,000 Xhosa, 1,702,000 Tswana, 1,596,000 Sepedi, 1,416,000 Seshoeshoe, 731,000 Shangaan, 487,000 Swazi, 360,000 Venda, 230,000 South Ndebele, 180,000 North Ndebele and 314,000 others. House of Assembly Debates (Hansard), 25 September 1970, col. 5132.

3

More than forty per cent of the economically active men in the reserves are absent at any given time, working in the mines, factories, farms and homes in the "white areas".

4

Only 6,918,000 or about 46.5 per cent, of the Africans live in the "homelands"; the remainder live in the so-called white areas.

5

During the no confidence debate in the House of Assembly in February 1969, the Leader of the Opposition, Sir de Villiers Graaff, said that the standard of living of the African people in the reserves had either remained static or had fallen in the last fifteen or sixteen years. He recalled that the Tomlinson Commission had estimated in the mid-fifties that the income per head in the reserves was 48 rand (\$67.20): of this 25.8 rand (\$36.10) was earned in the reserves and the remainder was obtained from people working outside the reserves. Dr. Adendorff had estimated that at present the income per head was 53 rand (\$74.20) of which 22 rand (\$30.80) was earned in the reserves. Taking the real value of money into account, the standard of living of the people has fallen.

6

The number of jobs created in the past ten years for Africans in industry in the "homelands" is only about 2,000.

7

During 1969 about 41,700 Transkeian Africans were employed in the Transkei; 155,400 were away as migratory workers.

8

The Transkei is so short of resources that it can raise only a small part of its budget from taxation.

The budget of the Transkei Government for 1970-71 was 26 million rand (\$36 million). Of this, only 8.2 million rand (\$11.5 million) was raised in Transkei. Grants from the South African Government amounted to more than 18 million rand (\$25 million).

- 3/ Dr. P. Smit, head of the Department of Geography at the Africa Institute, at the Congress of the Association of Geography Education, July 1969. Reported in The Star, weekly, Johannesburg, 12 July 1969.
- 4/ House of Assembly Debates (Hansard), 25 September 1970, col. 5132.
- 5/ House of Assembly Debates (Hansard), 3 February 1969, col. 16.
- 6/ Mr. J.A. Grobbelaar, General Secretary of the Trade Union Council of South Africa, quoted in The Star, daily, Johannesburg, 16 February 1970.
- 7/ Muriel Horrell, The African Reserves of South Africa (1969), p.119.
- 8/ South African Digest, Pretoria, 1 May 1970.

Segregation is enforced in Umtata, the capital of Transkei, the first "Bantustan".

"The centre of the town is still scheduled for white occupation and public facilities remain firmly segregated. It is unwise to attempt to entertain blacks, however distinguished, in the white hotels ... Other public facilities like post offices are also still segregated..."

Port St. John, the only port in Transkei, is still reserved for white occupation.

The Transkei Government is not represented on the Board of Xhosa Development Corporation which is responsible for the economic development of the Transkei.

9/ Nicholas Deakin, "The Transkei: Test case for Separate Development", in Race Today, London, January 1971.

10/ Ibid.

11/ Ibid.

SEGREGATION AND FORCED REMOVALS

1

A Population Register is maintained by the Department of Interior, in terms of the Population Registration Act, in respect of every person in the country. All persons are classified into racial groups. Records in respect of Africans are maintained separately and cards for each person are filed numerically. Records of all others are maintained collectively. By 1968, the records covered an estimated 10.276 million Africans and 7.5 million others. ✓

2

The Group Areas Act, condemned by the United Nations, provides for designation of areas for occupation by racial groups or sub-groups, and the forced removal of members of other racial groups to their "own" areas. The Minister of Community Development gave the following statistics for families ordered removed in terms of proclamations under the Group Areas Act: ✓

Whites	1,578 families
Coloured persons	70,889 "
Indians	38,180 "
Chinese	933 "

3

More than half of the entire Indian population of South Africa has been forcibly removed as a result of the "group areas" decisions. It is estimated that two million Africans will have to be resettled and rehoused in the province of Natal alone during the next five to ten years. ✓

4

Mrs. Helen Suzman, Progressive Party Member of Parliament, commented in February 1970:

"...when the (Group Areas) Act was introduced in 1950, the then Minister of the Interior, Dr. Dinges, said that equal sacrifices would be required from all sections ...

"But the truth of the matter is that white greed has motivated much of the implementation of the Act, so that the best business and residential sites could be handed over to the Whites."

1/ Reply to question in the House of Assembly by the Minister of the Interior. House of Assembly Debates (Hansard), 8 March 1968, cols. 1774-1775.

2/ Rand Daily Mail, Johannesburg, 5 February 1971. Mr. Eric Winchester, M.P. who made a three-year study of Group Areas and the Department of Community Development, stated that by September 1968, more than 1,100,000 people had been uprooted from their homes. Quoted in Civil Rights, newsletter of the Civil Rights League, Cape Town, 13 January 1970.

3/ Ibid

4/ The Star, weekly, Johannesburg, 21 February 1970.

The "white by night" system - under which African servants are required to leave white areas of towns - is working in 13 towns. Only aged and infirm whites, in special cases, are allowed to house African servants on their premises. ✓

The Government has "resettled" 900,000 Africans in the past ten years - i.e., removed them from the 87 per cent of the country reserved for whites to the 13 per cent reserved for Africans. The Africans have been forcibly removed through:

- (a) Black spot removals (removals of African communities settled for long periods in so-called white areas);
- (b) "Endorsements" out of urban areas of "superfluous appendages" - i.e., wives and children of Africans working in towns;
- (c) "Endorsements" out of non-productive (unemployed) Africans. ✓

5/ Statement by Dr. P.G.J. Koornhof, Deputy Minister of Bantu Administration, at a meeting on 25 March 1970. Cape Times, 26 March 1970.

6/ The Black Sash, Johannesburg, September 1970.

EMPLOYMENT, SALARIES AND WAGES

1

Among the economically active whites in 1960, 18.5 per cent were engaged in professional, technical and managerial occupations, and 18.9 per cent had school leaving or matriculation certificates.

Among the economically active Africans, only 1.7 per cent were engaged in such occupations and only 0.1 per cent had school leaving or matriculation certificates.

	<u>Economically active population</u>	<u>Percentage of persons engaged in professional, technical and managerial occupations (excluding farming)</u>	<u>Percentage of persons with school leaving or matriculation certificates</u>
Whites	1,142,821	18.5	18.9
Indians	125,890	13.2	5.7
Coloured people	551,750	3.7	1.4
Africans	3,886,457	1.7	0.1
<u>Total</u>	<u>5,706,918</u>	<u>5.5</u>	<u>4.1</u>

2

Whites who constitute less than one-fifth of the economically active population of South Africa contribute over 67 per cent to the existing managerial and technical manpower.

3

African trade unions are not recognized and African workers have no effective machinery for collective bargaining. The Native Labour (Settlement of Disputes) Act provided for appointed African regional committees and elected works committees at individual firms to work under Department of Labour Officials. However, within a period of 14 years, only 49 works committees were established though there are over 30,000 registered employers of labour and over 19,000 factories. The machinery of the Act was used to settle only 39 disputes since its inception.

- 1/ Dr. E.G. Malherbe, "Bantu Manpower and Education", 1969.
- 2/ Michael Savage, "Some Requirements of the Employee in Industry and Commerce" in The Black Sash, Cape Town, May 1969.
- 3/ Ibid.

4

"In ... Europe and America, at the most the spread between skilled and unskilled wages is something like 25 to 30 per cent, but in South Africa the spread is something like 400 per cent between skilled and unskilled wages."

5

In 1967, there were 158,000 white skilled artisans in South Africa, against 21,800 non-whites.

6

There was not one registered African apprentice in the whole of South Africa in 1967 and 1968.

7

Because of labour shortage in recent years, many non-whites have been employed in formerly white occupations, but at much lower wages.

In the railway workshops, for instance, the job of casting dressers (who clean up rough castings) was previously a "semi-skilled" job and white workers were paid 80 cents (\$1.12) an hour. It has now been reclassified as an "unskilled" job and Africans are employed at about 25 cents (\$0.35) an hour.

8

The economic boom in the past decade resulted in a substantial increase in employment and earnings in South Africa. However, the gap between white and non-white earnings also increased.

The average monthly earnings of whites in the manufacturing industry increased from 163 rand (\$228) in 1962 to 238 rand (\$333) in 1967, or by about 8.6 per cent a year. The earnings of non-whites increased from 37 rand (\$52) to 49 rand (\$69) or by 5.8 per cent a year. Earnings of whites averaged 440 per cent of earnings of non-whites in 1962 and 485 per cent in 1967.

-
- 4/ Helen Suzman, M.P. House of Assembly Debates (Hansard) 9 April 1969, col. 3612.
- 5/ Statement by the Minister of Labour, House of Assembly Debates (Hansard), 21 May 1969, col. 6338.
- 6/ Financial Mail, Johannesburg, 31 October 1969.
- 7/ Financial Mail, Johannesburg, 19 September 1969.
- 8/ Statement by Mr. A.B. Dickman at the national congress of the Progressive Party in Johannesburg in September 1968. Financial Mail, Johannesburg, 6 September 1968.

9

The average white income per head is about 95 rand (\$133.00) per month. The average African income is about 7 rand (\$9.80) per month.

10

The mines and quarries of South Africa employed 655,346 persons in June 1970, including 585,851 Africans and 62,372 whites. The earnings of Africans, who constituted 89 per cent of the labour force, totalled 10,513,000 rand (\$14,718,200) or 31 per cent of the total salaries and wages which amounted to 33,471,000 rand (\$46,859,400).

11

The actual average annual cash earnings of white and African miners in 1968 were 3,768 rand (\$5,275) and 189 rand (\$265) respectively.

12

The ratio of average earnings of white and African miners in South Africa increased from 11.6:1 in 1936 to 17.6:1 in 1966. Even allowing for the value of food supplied to African workers and leaving aside the benefits accorded to white workers, the gap widened from 10.7:1 to 15.2:1. The gap increased further since 1966.

13

Dr. Francis Wilson, economics lecturer at the University of Cape Town, estimated that in real terms the cash earnings of African miners in 1966 were possibly lower than they had been in 1911.

-
- 9/ Financial Mail, Johannesburg, 18 April 1969. The paper added:
 "This is a shocking state of affairs which would never have been tolerated if the African community had the political influence or trade union power it could expect to have in a more advanced society.
 "Africans have no registered trade unions, strikes for higher pay are forbidden, their productivity potential is ensnared by a complex mass of laws restricting education, employment and mobility and they have no say in the Government they are called on to finance."
- 10/ South Africa, Department of Statistics, as reported in Rand Daily Mail, Johannesburg, 19 October 1970.
- 11/ Financial Mail, Johannesburg, 26 March 1970.
- 12/ Ibid.
- 13/ Ibid., 10 May 1968.

14

The Cape Teachers' Professional Association, in a resolution adopted in May 1969, expressed disappointment with the salary increases received by Coloured schoolteachers at the end of April. It said that the gap between Coloured and white teachers had widened. Coloured teachers received about 54 per cent of the pay white teachers received.

15

The latest salary scales for the teaching profession as announced by the Government are as follows:

	<u>Starting salary</u>	<u>Annual increment</u>
Whites	R2640 (\$3696)	R540 (\$756)
Indians	R1650 (\$2310)	R 90 (\$126)

16

In August 1969, the salaries of non-white medical staff in the Cape Provincial Hospital service were raised by 20 to 37 per cent following protests against racial discrimination. The new salary scales, fixed by law, remain discriminatory, however. Salary scales announced in Parliament on 8 February 1971:

	<u>Starting salaries</u> (in rands)		
	<u>Whites</u>	<u>Coloured People</u>	<u>Africans</u>
Intern	4,050	2,880	2,520
Medical Officer	8,100	6,000	5,400
Senior medical officer and specialist	9,300	6,600	6,000
Medical superintendent and senior specialist	10,800	7,500	6,900

(1 rand = \$1.40)

14/ Cape Times, 24 May 1969. Die Burger, Cape Town, a pro-Government daily, commented on 26 June 1969:

"The leaders and organizations of the Coloured teachers lately put forward a case which seems to us to be a solid one.

"It boils down to the fact that since the transfer of Coloured education by the provinces to the Central Government, the relation between the salaries of Coloured and white teachers has deteriorated from 80 to 54 per cent. Before the new deal came into being, the tendency was for many years to reduce this difference. Since the change it has become spectacularly bigger."

15/ Rand Daily Mail, Johannesburg, 7 January 1971.

16/ See over.

In the Cape Province, a white nursing sister's commencing salary was raised in October 1969 to 2,040 rand (\$2,856) a year. A Coloured nursing sister earns 960 rand (\$1,344), rising to a maximum of 1,500 rand (\$2,100). Their training is the same and there are standard qualifying examinations. Their duties are the same. Discrimination in pay is, therefore, based solely on grounds of race.

The wages of non-white workers in the various industries and in government service are only a fraction of the wages earned by whites.

Average monthly earnings, 1968-69

<u>Industry</u>	<u>Whites</u>	<u>Coloured People</u>	<u>Asians</u>	<u>Africans</u>
		(in rands)		
Mining	297	62	76	18 *
Building construction	282	98	135	45 **
Wholesale trade	245	171	94	48
Retail trade	130	51	82	38
Banking institutions	205	56	72	53
Building societies	229	77	107	49
Public service	211	100	127	36
Provincial administrations	198	49	67	32
Local authorities	230	71	50	38

* Including cost of food and other benefits provided to the miners.

** In building construction, Africans are generally provided with free accommodation.

16/ Cape Times, 9 August 1969 and Rand Daily Mail, Johannesburg, 9 February 1971 quoting the Minister of the Interior. The Minister of Health made the following statement in 1969 regarding pay scales:

"... It is in fact recognized that there is a difference between the salaries of white doctors on the one hand and the salaries of Coloured and Indian doctors on the other hand and thirdly, the salaries of Bantu doctors. Let me say at once to the agitators and to every doctor in South Africa that the difference will remain, no matter who agitates for equal treatment. This is inherent in South Africa." House of Assembly Debates (Hansard), 22 April 1969, col. 4335

17/ Cape Times, 29 October 1969 (editorial).

18/ See over.

After a strike of more than one thousand African dock workers in April 1969, their minimum wage was raised from 6 rand (\$8.40) to 12.42 rand (\$17.39) a week. Minimum wages for other workers (white, Coloured and Indian) were also raised: new rates vary between 17.25 rand (\$24.15) for drivers to 40 rand (\$56) for foreman stevedores.

According to figures released by the Bureau of Statistics in September 1969, 51.7 per cent of the white households in the nine major urban areas had servants. The percentage varied from 27.8 per cent in Cape Town to 76.7 per cent in Durban. The average expenditure on servants' wages for all households in the nine areas was 8.12 rand (\$11.37), with a further 8.56 rand (\$11.98) for food, quarters and other benefits.

Two recent surveys by Market Research Africa of the Cape Coloured people and Natal Indians show that average Coloured person's salary is 50 rand (\$70) a month and the Indian salary is 64 rand (\$90). Whites spend about a fifth of their income on food: Coloured and Indian people spend almost a half.

According to a recent report by Mr. Langschmidt, of Market Research Africa Limited, 45 per cent of the urban Africans owned none of the stock household possessions, and only 31 per cent had electricity in their homes. The average income of an urban African household - with an average of six people - is about £29 (\$70) a month - about 15 per cent of that of the average white household.

In 1966 Mr. G.G. Maasdorp estimated that just over 50 per cent of the Indians in Natal lived below the "poverty datum line" of about one hundred dollars per family.

18/ South African Institute of Race Relations. A Survey of Race Relations in South Africa, 1969, pp.104-108. The estimates are for 1968-69.

"... the minimum rate for an African miner is now 10.40 rand a month.

In addition, African miners get food, accommodation, recreation and medical care amounting, on a township analogy, to about 7.60 rand a month. This makes a total of at least 18 rand a month and on an average 23 rand, for hard and potentially dangerous work." Editorial in The Star, weekly, Johannesburg, 13 September 1969.

19/ Rand Daily Mail, Johannesburg, 23 April 1969.

20/ The Star, weekly, Johannesburg, 20 September 1969.

21/ Financial Mail, Johannesburg, 24 December 1969.

22/ Anthony Sampson in The Observer, London, 19 April 1970.

23/ From a paper by Mrs. Doreen Patrick in Black Sash, February 1968.

24

The Johannesburg Municipality's Non-European Affairs Department estimated in 1967 that 68 per cent of the families in Soweto, the African area of the city, had incomes below the estimated minimum family budgets.

25

Whites, who form 19 per cent of the population of South Africa, control 69 per cent of the national purchasing power. The figures for the four main racial groups are as follows:

	<u>Percentage of population</u>	<u>Percentage of purchasing power</u>
Whites	19	69
Coloured people	10	6
Asians	3	2
Africans	68	23

26

The purchasing power, by racial groups, is as follows:

Whites	4,974 million rand (\$6,964 million)
Africans	1,616 million rand (\$2,262 million)
Coloured people	282 million rand (\$ 395 million)
Asians	176 million rand (\$ 246 million)

- 24/ The minimum budget includes only food, clothing, rent, transport and other necessities, and does not provide for other needs such as sickness and other emergencies, recreation, furniture, reading materials, etc. The effective minimum level of income is generally estimated at one and a half times the minimum budget. South African Institute of Race Relations, A Survey of Race Relations in South Africa, 1969, pp. 82-83.
- 25/ Report published by the Bureau of Market Research of the University of South Africa in October 1969. Quoted in The South African Financial Gazette, Johannesburg, 24 October 1969. Also in Financial Mail, Johannesburg, 18 April 1969.
- 26/ From the documentary film "The Market in South Africa". Reported in The Star, daily, Johannesburg, 28 January 1970.

27

In 1965, there was one motor car for every 3.5 whites in South Africa and one for every 230 Coloured and Asian people.

28

Mr. John O'Brien, director of a South African motor company, estimated that some ten percent of the new car sales in the Republic in 1969 can be attributed to the increased purchasing power of the Africans. "That does not mean," he added, "Africans bought ten per cent of all the new cars. They bought two and a half per cent new - but the number of used cars they bought generated more new car sales to make up the ten per cent."

27/ Professor C.G.W. Schumann in Southern Africa, London, 17 May 1969, quoted from Standard Bank Review, April 1969.

28/ Southern Africa, London, 6 December 1969. According to the Automobile Association of South Africa, almost 1,250,000 cars are in use in the country. Non-whites own 180,000 cars or 14.6 per cent. Cape Times, 18 June 1968.

TAXES AND GOVERNMENT EXPENDITURE

1

According to the 1966 statistics of the South African Department of Internal Revenue, 2,746 persons earned more than 20,000 rand (\$28,000) of taxable income. Of these, 2,738 were White, 4 Asian, 2 Coloured and 2 African.

2

The number of persons assessed for income tax in 1966-67 was as follows:

Whites	1,013,310
Coloured people	86,475
Asians	32,498
Africans	2,045

3

Africans, the poorest section of the population, are taxed more heavily than whites.

All African men over 18 years have to pay a fixed annual tax of 2.50 rand (\$3.50), plus a local tax of 1 rand (\$1.40) for every dwelling hut or unit. They are also liable to tribal levies. Whites do not pay these taxes and levies.

All Africans are liable to income-tax if they earn more than 360 rand (\$504). (Whites do not pay income-tax on earnings less than 750 rand if single or 1,000 rand if married). Africans get no tax relief for dependents.

The taxes are deducted from salaries under the P.A.Y.E. (Pay as you earn) system. Whites obtain refunds if the deductions are higher than the tax: the Africans are entitled to no refunds unless "the Secretary for Bantu Administration is satisfied that the circumstances of any particular case would warrant a refund."

4

The maintenance grants paid by the Government to mothers (in cases where the fathers are unable to support them) vary by race, as follows:

Whites	43 rand (\$60.20)
Coloured people	6 - 19.25 rand (\$8.40 - \$26.95)
Africans	2 - 6.25 rand (\$2.80 - \$8.75)

-
- 1/ The Star, daily, Johannesburg, 18 May 1968.
 2/ House of Assembly Debates (Hansard), 4 June 1968, cols. 6440-6441.
 3/ The Star, daily, Johannesburg, 4 February 1970.
 4/ House of Assembly Debates (Hansard), 6 February 1970, cols. 423-426.

It has been estimated that the central and provincial governments spend about sixteen times as much on whites as on non-whites.

"...If you add up all the money spent directly by the State and Provinces on non-whites - the votes for the three non-white Departments and Bantu Education - you get a sum of 180 million rand (\$252 million) a year. This works out at 12 rand (\$16.80) a head of non-white population.

"If you then add up all the money spent by the central and provincial administrations directly on Whites - on culture, for instance, White Education, Agriculture (which means White agriculture because the non-whites' departments have their own agricultural votes), Defence (which is a White force except for a Cape Coloured Corps with an establishment of 622 - a White force principally to serve white interests), Information and Social Welfare (which again means white welfare because the non-white departments have their own welfare votes) - you get a sum of 761 million rand (\$1065 million). This works out at about 200 rand (\$280) a head of white population.

"There remains about 1,240 million rand (\$1,736 million) of the national and provincial budgets combined which is spent on general services like roads, health, policing, prisons and communications services, and it would be reckless for anyone to try to apportion how much of this is spent on whites and how much on non-whites.

"So leaving it aside, the only thing one can say with any confidence is that on the determinable figures the Government and the Provinces spend about sixteen times as much on whites as on non-whites."

HEALTH AND MEDICAL SERVICES

1

The birth, death and infant mortality rates in 1969 were as follows:

	Birth rate (per 1,000 <u>of population</u>)	Death rate (per 1,000 <u>of population</u>)	Infant deaths (per 1,000 <u>live births</u>)
Whites	24.0	8.7	21.2
Coloured people	41.0	14.6	132.0
Asians	37.8	7.2	36.5
Africans	40.1	(not available)	(not available)

2

The average life expectancy of South Africans, by racial groups, is as follows:

	<u>Men</u>	<u>Women</u>
Whites	64.73	71.67
Coloured people	49.62	54.28
Asians	57.70	59.57

These statistics are not maintained for Africans.

3

In 1969, for the first time, a South African insurance company offered disability insurance to professional and semi-professional Africans. The premium for Africans is 50 per cent more than the premium for whites because, according to the managing director of the company, Africans suffer a far higher mortality rate.

4

In 1968, 70,600 cases of tuberculosis were reported in South Africa, an increase from 39,000 in 1965. The disease is found predominantly among Africans.

-
- 1/ House of Assembly Debates (Hansard), 19 September 1970, col. 4490. The infant mortality rate for Africans was 101.2 in 1960 (*Ibid.*), the last year for which statistics for Africans were available.
- 2/ House of Assembly Debates (Hansard), 22 September 1970, cols. 4706-4707. These figures, the latest, were taken between 1959 and 1961.
- 3/ Rand Daily Mail, Johannesburg, 4 November 1969.
- 4/ Statistical Year Book of South Africa. Quoted in The Star, Johannesburg, 16 January 1970.

5

In 1967, 69,261 tuberculosis cases were notified in South Africa, as follows:

Whites	1,244
Coloured people	8,116
Asians	1,150
Africans	<u>58,751</u>
Total	<u>69,261</u>

6

Kwashiorkor, a disease caused by malnutrition, affects mainly the Africans and Coloured people. The incidence of the disease in 1967 was as follows:

Whites	7
Coloured people	1,046
Asians	12
Africans	<u>9,675</u>
Total	<u>10,830</u>

7

In South Africa, a Coloured child dies of malnutrition every thirty-five minutes, and two African children die during that time. Fifteen thousand Coloured children die of malnutrition a year and nearly a million African children go to bed hungry.

8

A survey conducted in 1966 indicated that almost half of the children born in a typical African reserve in South Africa died before reaching the age of five years.

9

Kwashiorkor and other diseases kill off an estimated 40 per cent of the Transkei children before they reach the age of ten years.

-
- 5/ Republic of South Africa. Bulletin of Statistics, December 1968.
 - 6/ House of Assembly Debates (Hansard), 3 May 1968, col. 4590
 - 7/ The Post, Johannesburg, 30 November 1969.
 - 8/ Professor John Reid, head of the Department of Physiology at the Durban Medical School, quoted in The Star, Johannesburg, 10 May 1969.
 - 9/ The Star, weekly, Johannesburg, 14 March 1970.

10

Dr. Guy Danes, medical superintendent at St. Lucy's Hospital, carried out a comprehensive survey in a village in the Tsolo area - X-raying everyone over the age of six months. He found that over 20 per cent of those examined had tuberculosis.

11

The white population of South Africa produced one doctor to every 455 people. South Africa's white population has the largest proportion of doctors to population in the western world.

12

There are only between 100 and 150 African doctors in the Republic of South Africa.

13

The number of persons who received medical degrees - M.B., Ch.B. - at the end of 1968 (or early in 1969) - was as follows:

Whites	332
Coloured people	19
Asians	32
Africans	10

14

The number of medical students in mid-1969 was as follows:

Whites	3,283
Coloured people	136
Asians	323
Africans	149

15

Non-white medical students may only examine non-white patients, though white students can see both white and non-white. Apartheid lingers on after death; white cadavers may not be dissected by non-white students, who cannot study pathology freely either. They may not attend an autopsy on a white body.

-
- 10/ The Star, weekly, Johannesburg, 7 March 1970.
 11/ Professor H.W. Snyman of Pretoria at the medical congress in Pretoria in July 1969. Reported in The Star, weekly, Johannesburg, 12 July 1969.
 12/ Dr. R.E. Norridge, quoted in Rand Daily Mail, Johannesburg, 27 November 1969.
 13/ House of Assembly Debates (Hansard), 13 June 1969, col. 7954.
 14/ House of Assembly Debates (Hansard), 13 June 1969, col. 7954.
 15/ Anti-Apartheid News, London, February 1968.

16

In July 1969 the Department of Bantu Administration and Development sent a circular to municipalities that African doctors who applied for facilities in African townships in the "white areas" (that is, outside the reserves) should not be granted these facilities lightly. African doctors who were already established in the townships would be encouraged to offer their services in the "homelands" (reserves) where the necessary facilities would be provided.

17

Only ten African doctors are employed by the South African Government as district surgeons or hospital medical officers in the African reserves (which have a total population of four million) - one full-time, six part-time and three on sessional basis.

18

In Soweto, the African location of Johannesburg with a population of over half a million, there are only seven resident doctors.

16/ The Star, weekly, Johannesburg, 23 August 1969.

17/ House of Assembly Debates (Hansard), 9 February 1968, col. 254.

18/ South African Institute of Race Relations. Quoted in editorial in The Star, weekly, Johannesburg, 18 October 1969.

EDUCATION

1

School attendance is compulsory for white children. It is compulsory for Coloured children in only a few areas. There is no compulsory education for African and Indian children.

2

African high school pupils, unlike white pupils, must pay for their education.

3

While the Central Government and the provincial administrations spend almost 238 million rand (\$333 million) on white education, they spend only 14.5 million rand (\$20.3 million) on African education. The rest of the expenditure on African education comes from the taxes paid by Africans.

4

The per capita expenditure on education for African children is less than one-eighth of that for white children.

Per capita expenditure

White children	114.1 rand (\$159.74)
Coloured and Indian children	74.5 rand (\$104.30)
African children	13.5 rand (\$ 18.90)

5

White and Coloured pupils are provided textbooks and stationery free in all standards. African pupils in primary standards (Sub A to Standard VI) are issued with textbooks, but they remain the property of the school: they are not provided with stationery. African pupils in secondary and high schools must pay in full for their books. One estimate is that these cost 14 rand (\$19.60) for the first year of the secondary course, 15 rand (\$21.00) for the second year, and 5 rand (\$7.00) for the third year.

- 1/ In the Cape Province, where the overwhelming majority of the 1.8 million Coloured people live, there are only four primary schools, one secondary school and one high school at which attendance is compulsory for children resident within three miles of the schools. Rand Daily Mail, Johannesburg 28 November 1969.
- 2/ The Star, daily, Johannesburg, 27 January 1970. The costs are estimated 10.40 rand (\$14.56) in fees, up to 20 rand (\$28) for uniforms, plus the cost of the books.
- 3/ Dagbreek, 1 September 1968. Quoted in Cape Times, 2 September 1968.
- 4/ Speech by leader of the Opposition, Sir de Villiers Graaff, in House of Assembly Debates (Hansard), 9 February 1968, col. 319.
- 5/ Cape Times, 30 May 1968.

The number of candidates for matriculation examinations in 1968 was as follows:

Whites (1967)	39,637
Coloured people	3,446
Africans	2,289
Indians	2,112

In 1969, only 3,911 African students were enrolled in universities (including 2,144 enrolled for correspondence courses), as against 68,549 white students.

	Whites	Coloured People	Asians	Africans
"White universities"	51,992	346	737	182
University of South Africa (correspondence courses)	16,557	478	996	2,144
Non-white colleges	-----	774	1,621	1,585
Total	68,549	1,598	3,354	3,911
	=====	=====	=====	=====

According to the Pantu Education Journal, published by the South African Government in December 1969, the number of students in the segregated African colleges increased between 1960 and 1970 from less than 500 to 1,586. The number of graduates increased from a little over 50 to nearly 150, the number of diplomas issued from about 60 to about 120, and the lecturing staff from about 90 to nearly 270.

Of the 1,586 students, however, about two-thirds were in arts and education. Only fifteen were studying agriculture.

There is no engineering faculty in these colleges and only two or three Africans were enrolled in the subject in "white" universities by special permission of the Government. There is no medical faculty, and the Natal Medical School for non-whites, where Africans are admitted, was producing only seven or eight African doctors a year.

The rectors of the three African colleges and nearly four-fifths of the teaching staff were white. The ratio of whites to Africans was more than ten to one for professors and twelve to one for senior lecturers. Nearly one-fifth of the students were twenty-five years of age or older.

- 6/ South African Institute of Race Relations. A Survey of Race Relations in South Africa, 1969, pp. 194-206.
- 7/ South African Institute of Race Relations. A Survey of Race Relations in South Africa, 1969, p. 210.
- 8/ The Star, daily, Johannesburg, 15 and 17 December 1969.

Degrees and diplomas received at the end of 1969 (or early in 1970) were as follows:

	<u>Degrees</u>		<u>Diplomas</u>	
	<u>Post-graduate</u>	<u>Bachelor's</u>	<u>Post-graduate</u>	<u>Non-graduate</u>
Whites	2,143	6,461	1,007	1,132
Coloured people	15	79	24	3
Africans	49	196	41	29
Asians	38	259	40	13

In 1968, there was only one qualified African engineer in South Africa and only three were training for this profession.

Nearly 2,000 applicants had to be turned away from seven high schools in Soweto, the African location of Johannesburg, when the school term began on January 27, 1970, because of lack of facilities. Several of the children had gained first-class passes in Standard VI examinations.

9/ House of Assembly Debates (Hansard), 15 September 1970, col. 4171.

10/ Senator Henderson (United Party). House of Assembly Debates (Hansard), 5 May 1969, col. 2310.

11/ The Star, daily, Johannesburg, 28 January 1970. The Government is restricting the expansion of secondary schools in urban areas in order to force children to go to the reserves.

SOCIAL DISRUPTION

1

South Africa's crime rate increased 216 per cent between 1950 and 1966.

2

Each year one out of every six Coloured men is convicted of a crime. The crime rate among the Coloured people is 5.5 times that among the whites.

3

The percentage of people murdered in South Africa increased by 377 per cent over sixteen years.

4

Almost 40 per cent of new marriages between white people in South Africa break down within a year. The Government set up a special commission to try to ascertain why South Africa has one of the highest divorce rates in the world and recommend new provisions for fighting marriage disintegration.

5

"The migratory labour system, which draws men to the towns and leaves wives in the country, has crippled the sexual life of the African community not only in the country but in the town. Various studies have indicated that only 25% of married men in the towns have their wives with them ... The effects of this are partially mirrored in the high rates of illegitimacy and venereal disease in the major urban areas. On the Reef some selected illegitimacy figures are: Pretoria 40% of all births (1964), Springs 60% (1965), and Johannesburg 41% (1963). Venereal disease is also widespread..."

- 1/ Policy, Fact and Comment (monthly newsletter of the Progressive Party), quoted in The Star, weekly, Johannesburg, 4 October 1969.
- 2/ Policy, Fact and Comment (monthly newsletter of the Progressive Party), quoted in The Star, weekly, Johannesburg, 4 October 1969. The newsletter commented:
- "And it is the Coloured people, their political future unsure, their settled communities continually being uprooted by Group Areas implementation, their personal ambitions thwarted by legal and customary colour bars, who are the epitome of a people without a sense of belonging, without a stake in the 'good life'."
- 3/ Mr. Justice J.H. Steyn of the Cape Supreme Court, in a radio broadcast on 27 July 1969. Cape Times, 28 July 1969.
- 4/ Daily Telegraph, London, 16 February 1968.
- 5/ Michael Savage, "Some Requirements of the Employee in Industry and Commerce" in The Black Sash, Cape Town, May 1969.

Hundreds of persons are prosecuted each year under the Immorality Act (section 16) which prohibits sexual intercourse between whites and non-whites.

	Number of persons charged		Number of persons convicted	
	1967-68	1968-69	1967-68	1968-69
Whites - male	452	591	238	336
- female	16	21	6	9
Coloured people - male	10	11	4	5
- female	184	234	84	121
Asians - male	3	9	2	6
- female	7	12	3	10
Africans - male	9	6	6	4
- female	230	300	116	188
Total	<u>911</u>	<u>1184</u>	<u>459</u>	<u>679</u>

6/ Repliee to questions by the Minister of Justice. House of Assembly Debates (Hansard), 13 May 1969, col. 5817: Ibid., 25 August 1970, cols. 2493 and 2494.

PRISONS AND PRISONERS

1

South Africa has "one of the largest average daily prison populations in the western world - more than double, in absolute figures, that of Great Britain with a population of 55 million against our estimated 19 million."

2

South Africa has the highest rate of executions in the world and the number of executions is increasing.

The average number of executions was 25 between 1911 and 1947, 66 between 1948 and 1966. One hundred and eighteen people were executed in 1968.

3

The average daily prison population in South Africa increased from less than 50,000 in 1958-59 to more than 88,000 in 1968-69. The annual figures are as follows:

1958-59	49,886
1959-60	52,956
1960-61	55,762
1961-62	62,769
1962-63	66,575
1963-64	70,351
1964-65	72,627
1965-66	74,033
1966-67	73,030
1967-68	80,534
1968-69	88,079

4

A total of 496,071 sentenced people and 257,651 unsentenced people were admitted to prisons in 1968-69. Of the sentenced people, 265,713 were people sentenced to terms of up to one month - mainly under laws restricting freedom of movement of Africans or for Bantu tax offences. 4,700 breast fed infants were admitted to prison.

- 1/ Mrs. Helen Suzman, M.P. House of Assembly Debates (Hansard), 2 June 1969, col. 7082.
- 2/ Peter Randall. The Death Penalty and the Church in South Africa. (Braamfontein, 1970).
- 3/ Report of the Prisons Department for the period 1966-1968, and 1968-1969, reported in Rand Daily Mail, Johannesburg, 20 February 1970 and The Black Sash, September 1970, respectively.
- 4/ Annual Report of the South African Department of Prisons for 1968-1969. Reported in The Black Sash, September 1970.

5

The number of persons prosecuted for pass offenses in 1967-68 was 693,661 or an average of 1,900 per day.

6

At the end of 1969, a total of 809 persons were serving sentences of imprisonment in South Africa under the four main security laws, as follows:

	<u>Whites</u>	<u>Bantu</u>	<u>Coloured People</u>	<u>Asians</u>
Sabotage Act	7	332	10	14
Suppression of Communism Act	7	51	1	1
Unlawful Organizations Act	0	337	0	0
Terrorism Act	0	49	0	0

Total: 809

In addition, a number of persons were detained without trial.

5/ A survey of Race Relations in South Africa, 1969, quoted in The Star, daily, Johannesburg, 12 February 1970.

6/ House of Assembly Debates (Hansard), 18 September 1970, col. 4481.

CENSORSHIP

1

It is an offence to disseminate or reproduce the utterances or writings of (a) listed communists; (b) other banned persons; and (c) exiles listed by the Minister of Justice.

The writings or speeches of about 750 persons are thus banned in South Africa.

2

It was estimated in June 1969 that there were some 13,000 prohibited publications, including those banned by the Censorship Board before the Publications Control Board was created in 1963.

3

In 1969, the South African Publications Control Board prohibited 616 imported publications and 63 local publications. In the six years since the institution of the Board, from 1963 - 1969, a total of 4,402 publications were prohibited.

-
- 1/ Estimated. Based on figures in A Survey of Race Relations in South Africa, 1969, pp. 41-42.
 - 2/ Estimate by Professor Ellison Kahn, professor of law at the University of Witwatersrand, in Sunday Times, Johannesburg, 8 June 1969. Quoted in A Survey of Race Relations in South Africa, 1969, p. 39.
 - 3/ House of Assembly Debates (Hansard), 17 February 1970, cols. 1185-1186.

MILITARY AND POLICE

1

South Africa now possesses military equipment worth more than 2,000 million rand (\$2,800 million).

2

The South African budget estimates for defence increased from 40 million rand in 1959-1960 to 271,600,000 rand in 1969-70.

3

The strength of South Africa's Defence Force, including average number of members of the Citizen Force who are under military training, is estimated at 39,700, as follows:

	<u>Regular</u>	<u>Citizen Force</u>
Army	5,700	22,300
Navy	2,500	1,200
Air Force	5,000	3,000
Total	<u>13,200</u>	<u>26,500</u>

When fully mobilized, South Africa's armed forces (including men who have completed Citizen Force training) would total 85,500. In addition, there are about 58,000 commandos or part-time militia.

4

The authorized strength of the South African Police Force has increased from 20,588 at the end of 1948 to 34,437 at the end of 1969. The number of generals in the Police Force increased during that period from two to forty-five.

5

A non-white police officer cannot arrest a white person except "in most serious cases, where the police come across a murder for example and there is no white police officer in the immediate vicinity."

- 1/ Statement by Commandant-General R.C. Hienstra in July 1969. South African Digest, Pretoria, 25 July 1969.
- 2/ Estimates of Expenditure from Revenue Account.
- 3/ Estimates by the Institute of Strategic Studies in The Military Balance. Reported in The Star, Johannesburg, 12 September 1969.
- 4/ House of Assembly Debates (Hansard), 6 February 1970, cols. 416-418.
- 5/ Statement by the Minister of Justice. House of Assembly Debates (Hansard), 21 April 1961, col. 5099.

FOREIGN INVESTMENT

1

By the end of 1968, total foreign investment in South Africa was \$6,416 million. Thirty-one per cent of this was in manufacturing industry. Foreign interests controlled twenty-two per cent of the country's manufacturing industry.

2

Foreign investment in South Africa increased from 2,790 million rand (\$3,906 million) at the end of 1956 to 4,990 million rand (\$6,996 million), as follows:

1956	-	2,790 million rand
1963	-	3,053 million rand
1964	-	3,135 million rand
1965	-	3,471 million rand
1966	-	3,825 million rand
1967	-	3,966 million rand
1968	-	4,583 million rand
1969	-	4,990 million rand

3

The source of foreign investment at the end of 1969 was as follows:

Sterling area	-	3,074 million rand
Dollar area	-	741 million rand
Western Europe	-	1,065 million rand
International Organizations (International Monetary Fund and International Bank for Reconstruction and Development)	-	59 million rand
Other	-	51 million rand
		51 million rand
Total		4,990 million rand

1/ From an address by Dr. A.S. Jacobs, Chief Economist of Volkskas Bank, in March 1970. Reported in News from South Africa, New York, 25 March 1970.

2/ South African Reserve Bank. Quarterly Bulletin, December 1970.

3/ Ibid.

OTHER

1

A Black diplomat in South Africa would not be free to send his children to any school, but would be advised by the Department of Foreign Affairs.

2

The Deputy Secretary for Immigration, Mr. Piet Weideman, said in Pretoria in October 1969 that South Africa gained about 150 million rand (\$210 million) worth of professional and technical skills a year through its immigration drive for whites. This was the amount it would have cost the country to train more than 3,000 qualified professional men and 7,000 artisans who came from Europe every year to settle in South Africa.

3

South African Airways, like other airlines, provides travelling concessions to its staff, their wives and children. But these concessions are granted only to the white staff.

4

In internal flights of the South African Airways whites and non-whites are segregated. On the Boeing jets two rows of seats at the back of the aircraft are reserved for non-whites, while on the Viscounts the two front rows are used. But non-whites use the same aircraft toilets as whites. On international flights non-whites can sit beside whites.

5

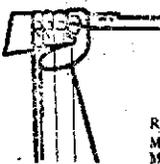
The status of the Japanese citizens in South Africa under various laws is contradictory. Under the Group Areas Act, which provides for residential segregation, they are classified "white". As regards entry into South Africa or the Population Registration Act, they are "Asiatic". Their status under the Mixed Marriages Act (which prohibits marriages between whites and non-whites) and the Immorality Act (which prohibits sexual intercourse between whites and non-whites) is not known, as no cases have arisen.

-
- 1/ Statement by Mr. De Wet, Minister of Health and Mines at a National Party meeting on 4 December 1969. Reported in Rand Daily Mail, Johannesburg, 5 December 1969.
 - 2/ South African Digest, Pretoria, 10 October 1969.
 - 3/ House of Assembly Debates (Hansard), 17 June 1969, cols. 8213-8214.
 - 4/ The Star, daily, Johannesburg, 10 December 1969.
 - 5/ The Star, daily, Johannesburg, 24 February 1970.

APPENDIX 5

SUPPLEMENTAL MATERIAL ON PHOTO-IDENTIFICATION, SUBMITTED BY MISS CAROLINE HUNTER AND MR. KENNETH WILLIAMS OF THE POLAROID REVOLUTIONARY WORKERS MOVEMENT

PHOTO-IDENTIFICATION

	<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;"> Director of the South African Ministry of Justice </div> <div style="display: flex; align-items: center; justify-content: center;">  <div style="margin-left: 10px;"> <h2 style="margin: 0;">POLAROID ID</h2> <p style="margin: 0;">Block D, Area 4 Johannesburg, S.A.</p> <p style="margin: 0;">RESTRICTIONS: Must have card on person at all times. May not leave assigned Block without proper government issuance. Social privileges: none</p> </div> </div>		
Controller <i>E.K. Hlu</i>	Expiration Date 3-1-1972	Occupation Laborer	Work Area Section 5, North
Signature <i>Quinn W. Bond</i>	Number 14-D-1104	Date of Birth 1921	Province Race 8 A W

Every African who has attained the age of sixteen years must be in possession of a Reference Book. Any policeman may call at any time on any African to produce his Reference Book. An African unable to do so because he has left it at home is guilty of a criminal offence punishable by a fine of not more than \$28 or imprisonment for not longer than one month.

Polaroid's ID-2 system, which produces instant identification cards with photographs, is used in the manufacture of pass books which must be carried by South African blacks. The pass books are a key tool of control for the white minority in South Africa: with the pass book system the blacks may be kept from entering the 87% of all South African land reserved for whites, prevented from holding any kind of meetings, and hounded into submission.

Crimes:

COMPLICITY IN APARTHEID (THE SOUTH AFRICAN RACIST SYSTEM WHICH MEANS MURDER, STARVATION, AND IMPRISONMENT OF BLACKS); COMPLICITY IN GRAND LARCENY--THE THEFT OF SOUTH AFRICA FROM ITS PEOPLE; ESPIONAGE: UNFAIR LABOR PRACTICES.

" . . . You have political and economic stability here - whether we approve of your policies or not. These are the two things to which an investor looks. Trade overrides ideological values, and economic links are strong. We must disregard the politicians."

-Sir Richard Powell, Director-General of the British Institute of Directors

There must be a thousand ways to use the instant ID plan in business.

New York

California

ROCKEFELLER SIGNS BILLS REFORMING WELFARE SYSTEM

N.Y. Times 4/13/1971

Governor Rockefeller signed the measures into law soon after passage, according to a spokesman. Most of the measures take effect by July 1.

Details Are Outlined

In addition to the public works mandate, the measures would do the following:

Strip the State Board of Social Welfare of its regulatory powers by shifting them to the Commissioner of Social Services. An earlier measure had made the Commissioner directly answerable to the Governor.

Require recipients to have photo identification cards and, if welfare officials choose, pick up relief checks at state employment agencies or at private banks. At present, the checks are mailed to welfare families,

The chairman of the Berkeley Youth Council's "I.D. Committee," Jeff Barton, appeared before the Berkeley City Council January 19th with a plan intended to keep disenfranchised youth in their place off the streets. As a "public service," because the youth of Berkeley lack "proper identification," the Youth Council is working with the Berkeley police and the Polaroid Corporation to "fill this void." They offer an "ID youngster" (Jeff's word) from the ages of 13 to 18 the opportunity to fill out an

APPLICATION CARD

Name	Nickname
Address	Phone Number
Birthdate	Counselor
Mother's Name	School
Father's Name	Grade
Sex	Signature
Emergency Phone No.	Special Info

which the Juvenile Division of the B.P.D. has kindly consented to verify. Each ID card will feature a color photo of its subject; and Berkeley High School will provide—free of charge—their Polaroid D-2 Land Identification System, plus its audio-visual teacher who will train staff members of the Youth Council to operate the equipment asking only for indemnity

Berkeley Yric 2/21/71

THE NEW YORK TIMES, WEDNESDAY, APRIL 14, 1971

South Vietnam's Police Force Gaining In Size and Status as U.S. Increases Aid

By THOMAS C. FOX
Special to The New York Times
SAIGON, South Vietnam, April 13 — The South Vietnamese national police force is quickly expanding in size and influence here, largely because of increased American financial support and an organizational change that moved the police command to the highest levels of the Government.

Among the less-controversial programs of the national police is the identification one, introduced late in 1968 with American help. All South Vietnamese who reach the age of 15 are required to carry plastic identification cards, which are considered by American advisers to be part of the "most fool-proof classification system yet developed."

According to one high-ranking public safety adviser, more than 18,000 South Vietnamese are employed in the computerized classification program which is based on Federal Bureau of Investigation techniques.

APPENDIX 6

TREATIES AND OTHER INTERNATIONAL ACTS SERIES 4502

TRACKING STATIONS

Agreement Between the
UNITED STATES OF AMERICA
and the UNION OF SOUTH AFRICA

Effectuated by Exchange of Notes
Signed at Pretoria September 13, 1960



UNION OF SOUTH AFRICA

Tracking Stations

*Agreement effected by exchange of notes
Signed at Pretoria September 13, 1960;
Entered into force September 13, 1960.*

*The American Ambassador to the South African Secretary for
External Affairs*

No. 89

SEPTEMBER 13, 1960.

SIR:

I have the honor to refer to the cooperative program initiated during the International Geophysical Year between our two countries under which certain facilities for space vehicles tracking and communications were jointly established and operated in the Union of South Africa for scientific purposes. In view of the resulting mutual benefits, the Government of the United States of America proposes that this cooperative program be continued and extended.

The object of such further and extended cooperation would be to facilitate space operations contributing to the advancement of our mutual scientific knowledge of man's spatial environment and its effects; the application of this knowledge to the direct benefit of man; and the development of space vehicles of advanced capabilities, including manned space vehicles.

It is proposed that the program be carried out in accordance with the following principles and procedures:

1. The program shall be conducted by Cooperating Agencies of each Government. On the part of the Government of the United States, the Cooperating Agency will be the National Aeronautics and Space Administration. On the part of the Government of the Union of South Africa, the Cooperating Agency will be the Council for Scientific and Industrial Research.

2. a. The nature and location of facilities required in the Union of South Africa for the program are as follows:

(1) Minitrack radio tracking station presently located at Esselen Park (originally established under an arrangement of October 11,

1957, between the United States Naval Research Laboratory and the Government of the Union of South Africa). [1]

(2) Baker-Nunn camera optical tracking station presently located at Olifantsfontein (originally established in February 1958 under an arrangement between the United States National Committee for the International Geophysical Year and the South African National Committee). [1]

(3) Deep space probe radio tracking station (85 foot diameter antenna) in the vicinity of Johannesburg.

The foregoing list of facilities and locations may be amended from time to time by agreement of our two Governments.

b. The Government of the Union of South Africa will provide sites for each facility at the agreed locations at no cost to the Government of the United States; these sites to remain the property of the Government of the Union of South Africa.

3. The Government of the Union of South Africa will, in so far as practicable, prohibit the operation of radio interference-producing devices (such as power lines, industrial facilities, electric trains, primary highways, etc.) within the vicinity of sensitive radio receiving equipment.

4. In connection with each facility to be operated under the program, the Cooperating Agencies will agree upon arrangements with respect to the duration of use of the facility, the responsibility for and financing of the construction, installation, and equipping of the facility, and other details relating to the establishment and operation of the facility.

5. Each facility established may, unless otherwise agreed, be used for independent scientific activities of the Government of the Union of South Africa, it being understood that such activities would be conducted so as not to conflict with the agreed schedules of operations and that any additional operating costs resulting from such independent activities would be borne by the Government of the Union of South Africa.

6. The Government of the Union of South Africa will, upon request, take the necessary steps to facilitate the admission into the territory of the Union of South Africa of materials, equipment, supplies, goods or other items of property provided by the Government of the United States in connection with activities under this Agreement.

7. a. Title to all the aforementioned property provided by the Government of the United States for use in connection with each facility will remain in the Government of the United States.

b. If, upon terminating its use of a facility, the Government of the United States should desire to dispose of all or part of the property to which it holds title within the territory of the Union of South

¹ Not printed.

Africa, the two Governments will consult beforehand on arrangements therefor.

8. Such personal and household effects as shall have been brought into the Union of South Africa free of all taxes and duties by United States personnel, including contractor personnel, assigned to the Union of South Africa under the program, shall not be sold or otherwise disposed of within the territory of the Union of South Africa except under conditions approved by the Government of the Union of South Africa.

With reference to paragraphs 6, 7, and 8, the matter of exemption from duties, taxes and other charges will be the subject of subsequent discussion and agreement between the two Governments as to the specific categories of personnel, goods and materials to which such exemptions will apply, and the degree of exemption, if any, which will be applicable.

9. The Government of the Union of South Africa will, subject to its immigration laws and regulations, take the necessary steps to facilitate the admission into the territory of the Union of South Africa of such United States personnel, including contractor personnel, as may be assigned by the National Aeronautics and Space Administration to visit or participate in the cooperative activities provided for under this Agreement.

10. The resident directors of the facilities will be officials of the Government of the United States, and they will relay the operational directions of NASA to the South African Station Managers who will be in control of the Stations.

11. This Agreement relates to cooperation between the signatories for the peaceful uses of outer space and the facilities established shall not be used for purposes of a military nature.

12. The program of cooperation set forth in this Agreement shall, subject to the availability of funds, remain in effect for a period of fifteen years, and may be extended as mutually agreed by the two Governments. This Agreement is subject to review and possible termination in the event of either party failing to comply with the provisions of the Agreement, or in the event that either party is involved in hostilities.

If the foregoing principles and procedures are acceptable to the Government of the Union of South Africa, I have the honor to propose that this note and your note in reply shall constitute an Agreement between our two Governments to enter into force on the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration.

PHILIP K. CROWE

Mr. G. P. JOOSTE,
Secretary for External Affairs,
Pretoria.

*The South African Secretary for External Affairs to the American
Ambassador*

UNIE VAN SUID-AFRIKA.
UNION OF SOUTH AFRICA.

DEPARTEMENT VAN BUITELANDSE SAKE,
DEPARTMENT OF EXTERNAL AFFAIRS,
PRETORIA.

102/1/2.

13th September, 1960.

YOUR EXCELLENCY,

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:

"I have the honor to refer to the cooperative program initiated during the International Geophysical Year between our two countries under which certain facilities for space vehicles tracking and communications were jointly established and operated in the Union of South Africa for scientific purposes. In view of the resulting mutual benefits, the Government of the United States of America proposes that this cooperative program be continued and extended.

The object of such further and extended cooperation would be to facilitate space operations contributing to the advancement of our mutual scientific knowledge of man's spatial environment and its effects; the application of this knowledge to the direct benefit of man; and the development of space vehicles of advanced capabilities, including manned space vehicles.

It is proposed that the program be carried out in accordance with the following principles and procedures:

1. The program shall be conducted by Cooperating Agencies of each Government. On the part of the Government of the United States, the Cooperating Agency will be the National Aeronautics and Space Administration. On the part of the Government of the Union of South Africa, the Cooperating Agency will be the Council for Scientific and Industrial Research.

2. a. The nature and location of facilities required in the Union of South Africa for the program are as follows:

(1) Minitrack radio tracking station presently located at Es-selen Park (originally established under an arrangement of October 11, 1957, between the United States Naval Research Laboratory and the Government of the Union of South Africa).

(2) Baker-Nunn camera optical tracking station presently located at Olifantsfontein (originally established in February 1958 under an arrangement between the United States National Committee for the International Geophysical Year and the South African National Committee).

(3) Deep space probe radio tracking station (85 foot diameter antenna) in the vicinity of Johannesburg.

The foregoing list of facilities and locations may be amended from time to time by agreement of our two Governments.

b. The Government of the Union of South Africa will provide sites for each facility at the agreed locations at no cost to the Government of the United States; these sites to remain the property of the Government of the Union of South Africa.

3. The Government of the Union of South Africa will, in so far as practicable, prohibit the operation of radio interference-producing devices (such as power lines, industrial facilities, electric trains, primary highways, etc.) within the vicinity of sensitive radio receiving equipment.

4. In connection with each facility to be operated under the program, the Cooperating Agencies will agree upon arrangements with respect to the duration of use of the facility, the responsibility for and financing of the construction, installation, and equipping of the facility, and other details relating to the establishment and operation of the facility.

5. Each facility established may, unless otherwise agreed, be used for independent scientific activities of the Government of the Union of South Africa, it being understood that such activities would be conducted so as not to conflict with the agreed schedules of operations and that any additional operating costs resulting from such independent activities would be borne by the Government of the Union of South Africa.

6. The Government of the Union of South Africa will, upon request, take the necessary steps to facilitate the admission into the territory of the Union of South Africa of materials, equipment, supplies, goods or other items of property provided by the Government of the United States in connection with activities under this Agreement.

7. a. Title to all the aforementioned property provided by the Government of the United States for use in connection with each facility will remain in the Government of the United States.

b. If, upon terminating its use of a facility, the Government of the United States should desire to dispose of all or part of the property to which it holds title within the territory of the Union of South Africa, the two Governments will consult beforehand on arrangements therefor.

8. Such personal and household effects as shall have been brought into the Union of South Africa free of all taxes and duties by United States personnel, including contractor personnel, assigned to the Union of South Africa under the program, shall not be sold or otherwise disposed of within the territory of the Union of South Africa except under conditions approved by the Government of the Union of South Africa.

With reference to paragraphs 6, 7 and 8, the matter of exemption from duties, taxes and other charges will be the subject of subsequent discussion and agreement between the two Governments as to the specific categories of personnel, goods and materials to which such exemptions will apply, and the degree of exemption, if any, which will be applicable.

9. The Government of the Union of South Africa will, subject to its immigration laws and regulations, take the necessary steps to facilitate the admission into the territory of the Union of South Africa of such United States personnel, including contractor personnel, as may be assigned by the National Aeronautics and Space Administration to visit or participate in the cooperative activities provided for under this Agreement.

10. The resident directors of the facilities will be officials of the Government of the United States, and they will relay the operational directions of NASA to the South African Station Managers who will be in control of the Stations.

11. This Agreement relates to cooperation between the signatories for the peaceful uses of outer space and the facilities established shall not be used for purposes of a military nature.

12. The program of cooperation set forth in this Agreement shall, subject to the availability of funds, remain in effect for a period of fifteen years, and may be extended as mutually agreed by the two Governments. This Agreement is subject to review and possible termination in the event of either party failing to comply with the provisions of the Agreement, or in the event that either party is involved in hostilities.

If the foregoing principles and procedures are acceptable to the Government of the Union of South Africa, I have the honor to propose that this note and your note in reply shall constitute an Agreement between our two Governments to enter into force on the date of your reply.

Accept, Sir, the renewed assurances of my highest consideration."

In reply thereto, I have the honour to inform you that the Government of the Union of South Africa are in agreement with the foregoing and that your Note and the present reply shall be regarded as constituting an Agreement between our two Governments, such Agreement to enter into force and effect on today's date.

I have the honour to be,

Your Excellency's obedient Servant,

G. P. JOOSTE

Secretary for External Affairs.

His Excellency Mr. P. K. CROWE,
Ambassador Extraordinary and Plenipotentiary
of the United States of America,
Pretoria.

APPENDIX 7

TABLE ON EXIMBANK EXPOSURE IN SOUTHERN AFRICA AND PORTUGAL AS OF APR. 30, 1971

Country	[Dollar amounts in thousands]										Total exposure
	Short-term FCIA		Medium-term FCIA		Medium-term bank guarantees		Financial guarantees	Direct loans	Total exposure		
	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases					
Angola	\$2,158	10	\$3,245	10	\$1,031	5	-----	\$5,966	\$12,399		
Mozambique	2,206	-----	115	2	-----	-----	-----	4,962	5,283		
Total	2,364	-----	3,245	10	1,146	7	-----	10,928	17,682		
South Africa	5,412	-----	7,881	11	13,785	29	-----	-----	27,058		
Portugal	649	-----	1,173	15	1,817	9	31,077	90,137	124,863		

1 Exim does no business in South-West Africa.

ANGOLA

1. MEDIUM-TERM INSURANCE AS OF APR. 30, 1971 (ACTIVE)

[in thousands of dollars]

Guarantee No.	Obligor/purpose	Exporter	Date authorized	Amount authorized	Canceled	Repaid	Out-standing balance	Undisbursed
OC-0247-OR	Machinas e Equip. Tecinos Angola (agricultural machinery)	Wolf Sales Engineering Co	Aug. 26, 1970	95	0	0	50	45
CM-4855-OR	Sociedade Representacoes, Ltd. (Caterpillar tractors and equipment)	Export Credit Corp.	Oct. 7, 1968	438	0	129	23	287
CM-4679-OR	Casa Americana Commercial, S.A.R.L. (construction, agricultural, and Allis Chalmers materials handling equipment)	Allis Chalmers	Oct. 14, 1968	48	0	0	0	48
CM-4701-R	do	do	Oct. 20, 1967	1,935	0	0	0	1,935
CM-4839-OR	Uniac Commercial de Automoveis (19 diesel engines)	Gummins Engine Co.	Jan. 23, 1969	114	0	36	33	44
CM-5445-XOR	Robert Hudson & Sons, Inc. (agricultural and construction machinery)	J. I. Case Co.	July 10, 1969	214	0	34	94	86
CM-6359-OR	Friauto, S.A.R.L. (auto machine air conditioning and refrigeration)	Export Credit Corp.	Mar. 31, 1970	288	0	0	182	106
CM-7586-OR	Uniao Commercial de Automoveis (diesel engines)	(O)	Feb. 23, 1971	43	0	0	0	43
CP-4417	Algoopera Agricola de Angola (cottonseed destining equipment)	M. Neumann & Sons, Inc.	June 23, 1969	101	0	0	0	101
LP-0054	Casa Americana Commercial, S.A.R.L. (farm equipment and construction machinery)	Allis Chalmers	Nov. 8, 1963	167	0	0	0	167
Total	-----	-----	-----	3,443	-----	199	382	2,862

1 In the belief that recent transactions may not have been completed, the name of the exporter has not been entered to protect his competitive position.

Guarantee No.	Borrower/purpose	Exporter/bank	Date authorized	Amount authorized	Repayments	Out-standing balance	To be shipped	Total exposure
G-047-0211	Robert Hudson Sons Pty., Ltd. (agricultural equipment)	J. I. Case Co. (First Wisconsin National Bank)	Mar. 18, 1968	137	52	2		
Total MT active guarantees				2,046	767	971	61	1,032

2. MEDIUM TERM GUARANTEES AS OF APR. 30, 1971

[In thousands of dollars]

Guarantee No.	Borrower/purpose	Exporter/bank	Date authorized	Amount authorized	Repayments	Out-standing balance	To be shipped	Total exposure
G-050-0171	Algodoeira Agricola de Angola (gin equipment)	Moss-Gordin/Continental Ill. National Bank & Trust Co.	Jan. 24, 1969	225	97	128		
G-050-0263	Cotton gin	do	May 15, 1970	216	43	171		
G-025-0010	Sociedad de Representaciones (agricultural equipment)	Roma Overseas Plow/Citizens South-ern National Bank	Mar. 9, 1964	397	242	94	61	
G-040-0238	Caminho de Ferro de Mocamedes (locomotives)	GE/Morgan Guaranty	May 23, 1968	1,071	333	576		

EXIMBANK ACTIVE CASES, ANGOLA

1. DIRECT CREDITS AS OF APR. 30, 1971

[In thousands of dollars]

Loan No.	Borrower/purpose/exporter	Date authorized	Maturity date authorized	Amount authorized	Total disbursed	Total re-payment standing	Total un-disbursed	Exposure
2488	Mineira Deloitto, S.A.R.L. (railroad locomotives (GE))	Sept. 11, 1967	Apr. 30, 1979	6, 824	6, 712	746	5, 966	5, 966

EXIMBANK ACTIVE CASES—MOZAMBIQUE

2. MEDIUM TERM GUARANTEES AS OF APRIL 30, 1971

[In thousands of dollars]

Guarantee number	Obligor/purpose	Exporter/bank	Date authorized	Amount authorized	Repayments	Outstanding balance	To be shipped	Total exposure
G-025-0011	Soc. Technica Equip. Industries, revolving line, agricultural equipment.	Reme Overseas Flow Co., Citibank and Southern National Bank.	Apr. 14, 1964	100	48	52	52	
G-050-0156	Uniao Coop. Industrias Agricoltura Vele Zamb, cotton gin equipment.	Allied Products Corp., Continental Illinois National Bank & Trust Co.	Nov. 8, 1968	111	48	63	63	
Total				211	96	63	52	115

MOZAMBIQUE
1. ACTIVE LOANS, AS OF APRIL 30, 1971
(In thousands of dollars)

Loan number	Obligor/purpose	Supplier	Date authorized	Maturity date	Amount authorized	Canceled	Disbursement	Repaid	Outstanding	Undisbursed	Exposure
531	Republic of Portugal, railroad construction and equipment	Various suppliers	Aug. 28, 1952	Oct. 15, 1977	17,000	4,548	12,452	7,490	4,962	-----	4,962
Guarantee number	Obligor/purpose	Exporter	Date authorized	Amount authorized	Canceled	Repaid	Outstanding balance	Undisbursed	Exposure		
CM-4178	Progress Knitting Mills, Pty., transfer machines	Wildman Jacquard Co.	Jan. 1, 1968	43	-----	40	4	0			
CM-4209	O. H. Beier & Co., garmenting machines	Compton & Knowles Corp.	Feb. 16, 1968	7	-----	5	1	-----			
CM-4840	Consolidated Jersey Pty., Ltd., jet dyeing machine	Gaston County Dyeing Machine	Dec. 23, 1968	25	0	22	3	-----			
CM-5784-R	J. Mac Love/Plant-Pty-Ltd., construct	Export Credit Corp.	Oct. 30, 1969	177	0	148	29	0			
CM-5100-R	Crane and Excavator Co., Ltd., crane	do.	Jan. 27, 1970	36	0	0	0	36			
CM-5129	Fine Wool Products of South Africa, textile dyeing machine	Gaston County Dyeing Machine	Feb. 3, 1970	38	-----	8	38	-----			
CM-5780-R	J. Mac Love/Plant-Pty-Ltd., trenching equipment	Skokkie International Inc.	May 21, 1969	84	75	-----	1	-----			
CM-7612	Exacta Business Forms Pty., Ltd., printing press	(C)	Feb. 25, 1971	57	-----	-----	-----	57			
CM-7628-SP	Societe Africaine de Bonneterie, knitting machine	(C)	Mar. 2, 1971	9	-----	-----	-----	9			
ECC-0077-R	Bernhard Steiner Pianos, pianos and organ	D. H. Baldwin	Oct. 8, 1969	200	0	0	0	200			
ECM-5311-R	Jo Mangold Spares & Impl., Ltd., construction equipment	J. I. Case Inc.	May 26, 1969	163	34	33	35	61			
CC-0357-R	Illings Pty, Ltd./trucks	(C)	Apr. 7, 1971	317	-----	-----	-----	317			
Totals				9,882	109	2,443	1,176	6,705			

¹ In the belief that recent transactions may not have been completed, the name of the exporter has not been entered to protect his competitive position.

REPUBLIC OF SOUTH AFRICA

2. MEDIUM-TERM INSURANCE AS OF APRIL 30, 1971

[Thousands of dollars]

Guarantee number	Obligor/purpose	Exporter	Date authorized	Amount authorized	Cancelled	Repaid	Outstanding balance	Undisbursed
CC-0001-R	Huber Davies & Co., Ltd., construction equipment.	Export Credit Corp.	Jan. 2, 1969	285	0	0	0	285
CC-0026-R	Aircraft Distributors of Southern Africa, Cassina aircraft.	Cassina International France Corp.	June 9, 1969	760	0	0	0	760
CC-0072-R	Progressive Equipment Ltd., hot water and steam boiler.	York-ShIPLEY, Inc.	Sept. 25, 1969	143	0	0	0	143
CC-0118-R	W. S. Thomas & Taylor Ltd., construction equipment.	E. D. Euyra & Co.	Jan. 7, 1970	96	0	0	0	96
CC-0155-R	Premier Metal Co. of South Africa, hydraulic cranes.	Export Credit Corp.	May 13, 1970	575	0	5	140	430
CC-0172-R	Premier Metal Co., construction equipment.	Clark International Marketing	Apr. 20, 1970	2,399	0	0	0	2,399
CC-0184-R	MacNay Holding Ltd., hydraulic cranes.	Export Credit Corp.	May 8, 1970	133	0	0	0	133
CC-0256-R	Tullis Laundry & Engineering Supplies, hot water and steam boiler.	York-ShIPLEY, Inc.	Nov. 20, 1970	48	0	0	0	48
CC-0351-R	J. Mac G. Love & Co., Ltd., construction machinery and equipment with accessories.	(?)	Mar. 22, 1971	143	0	0	0	143
CW-2438-R	Placo Aircraft Sales, single and twin-engine aircraft.	Piper Aircraft Corp.	Feb. 3, 1966	4,043		1,557	888	1,598
CW-4160	Industex Ind. textile machinery.	Maremont Corp.	Jan. 29, 1968	111		74	37	0

1 In the belief that recent transactions may not have been completed, the name of the exporter has not been entered to protect his competitive position.

REPUBLIC OF SOUTH AFRICA
 1. MEDIUM TERM GUARANTEES AS OF APRIL 30, 1971, ACTIVE
 [Thousands of dollars]

Guarantee number	Obligor/purpose	Exporter/bank	Date authorized	Amount authorized	Canceled	Repaid	Outstanding	To be shipped
G-25-3088	South African Iron & Steel Ind., Corp., steel foundry equipment.	(1)	Mar. 4, 1971	26,300				6,300
G-25-112	Chenille Corp. of South Africa, tuft machinery	Chattanooga Tufters Supply Co., Citizens & Southern National Bank.	Mar. 12, 1969	36		3	33	
G-25-114	do	do	May 13, 1969	19	3	9	6	
G-33-19	Universal Anodizing Co., Pty. Ltd., aluminum press	Sutton Engineering Co., Mellon National Bank & Trust Co.	June 24, 1968	262	8	110	145	
G-40-208	South African Railways, locomotives	General Electric Co., Morgan Guaranty.	July 24, 1967	11,650	2,476	3,790	5,384	
G-40-294	Lease Plan International Corp., South Africa, passenger departure control system.	(1)	Jan. 28, 1971	1,053				1,053
G-55-59	B. I. Foote Pty., Ltd., beverage dispensing equipment	Cornelius Co., First National Bank of St. Paul.	Nov. 24, 1970	43		4	39	
G-120-34	Welkom Bottling Co., Ltd., bottling machinery	A-T-D, Inc., Mellon Bank International.	July 16, 1970	79	1	10	69	
G-99-2408	Lessee-Boxes & Shooks, box manufacturing machinery	Stapling Machines Co.	Feb. 3, 1967	85		69	16	583
G-410-0271	South African Iron & Steel Ind., Corp. locomotives	(1)	Apr. 12, 1971	583				
G-050-0301	S. A. Litho Co., Ltd., printing press/folder	(1)	Apr. 26, 1971	136				136
Total				20,246	2,488	3,995	5,692	8,072

¹ In the belief that recent transactions may not have been completed, the name of the exporter has not been entered to protect his competitive position. ² AMB bids.

ACTIVE CASES
PORTUGAL

3. MEDIUM TERM INSURANCE AS OF APR. 30, 1971

[In thousands of dollars]

FCIA number	Obligor, purpose	Exporter	Date authorized	Authorized	Cancelled	Repaid	Outstanding	Undisbursed
ECH-7488	Alfredo Da Silva Araujo & Co, textile machinery	(1)	Jan. 22, 1971	124				124
CM-6714-O	Empresa Fabric Do Norte S.A.R.L., textile machinery	Laesona Corp.	June 29, 1970	69			69	
CM-5284-OR	Equipamentos da Laboratorio, equipment for fittings in fish vessels	Mariano construction and design.	May 14, 1967	104	96	2	5	
CM-5862-O	Eurofil-Indust. de Plast. E Fil:							
CM-7216-O	Textile machinery	Laesona Corp.	Nov. 19, 1969	109	3			106
	22 takeup machines	do.	Nov. 2, 1970	84				84
CM-7408-O	Fabrica de Estamparia, textile machinery	do.	Dec. 29, 1970	193	3			190
CM-5417	Miscellaneous, manufacturing articles	Various	June 30, 1970	27				27
ECM-7643	Fabrica de Malhas Mondego Ltda., textile plant	(1)	Mar. 5, 1971	221		43	CR 42	
CC-0333-OR	Henry Hatherty:							
CM-5433-O	Aircraft	(1)	Jan. 29, 1971	53				53
CM-6713-O	2 Cessna aircraft	Export Credit Corp.	July 2, 1969	35	1	23	11	
	1 Cessna skylane	do.	June 29, 1970	22			21	1
PL-0509	Total	(1)	Mar. 23, 1971	110	1	23	32	54
	Jose B. Pedraso & Filhos Ltda., rear dump			29				29
CC-0324-OR	Rolin Comercial S.A.R.L.:							
CC-0330-OR	Cranes	(1)	Jan. 25, 1971	95				95
	Hydraulic cranes	(1)	Jan. 28, 1971	95	81			14
CM-7653-SP	Total	(1)	Apr. 27, 1971	190	81			109
CM-7740-SP	Sociedade Indust. Text. Metalfil Ltda., textile machinery	(1)	Mar. 26, 1971	231				231
	Sociedade Text. Albano Coelho Lima, textile machinery	(1)		126				126
	Total			1,424	181	68	64	1,111

1 In the belief that recent transactions may not have been completed, the name of the exporter has not been entered to protect his competitive position.

2.—ACTIVE MEDIUM TERM GUARANTEES, AS OF APR. 30, 1971
 [In thousands of dollars]

Guarantee number	Obligor, purpose	Exporter bank	Date authorized	Authorized	Cancelled	Repaid	Outstanding	Undisbursed
G-040-0237	Cia. Dos Caminhos de Feir, locomotive	Alco Products, Inc., Morgan Guaranty Trust Co. of N.Y.	May 15, 1968	847	-----	-----	-----	847
G-028-0034	Cellulose Billerud, boiler	Babcock & Wilcox Co., Bankers Trust Co., N.Y.	Feb. 8, 1965	1,081	140	772	169	-----
0G-047-0398	Construcoes Technicas S.A.R.L. crane dragline clamshell	(1) -----	Apr. 27, 1971	203	-----	-----	-----	203
G-028-0083	Contiforme Papel Continuo Form. printing presses	(1) -----	Jan. 25, 1971	171	1	-----	-----	170
G-011-0033	Fundicao de Dairas, hydraulic extrusion press	Baldwin-Lima-Hamilton Corp., Philadelphia National Bank	Mar. 26, 1970	352	-----	-----	-----	352
G-012-0271	Jose Bento Peroso & Filhos, dump truck and crane	(1) -----	Apr. 28, 1971	29	-----	-----	-----	29
0G-001-0352	Robinson Bardsley Exp. Imp. S.A.R.L. machinery	Burroughs Corp., Chase Manhattan	Oct. 21, 1968	31	3	19	9	-----
G-022-0046	Siderburgia Nacional, steel equipment	Elwell-Parker, National City Bank of Cleveland	May 20, 1969	73	-----	34	39	-----
	Total			2,787	144	825	217	1,601

1 In the belief that recent transactions may not have been completed, the name of the exporter has not been entered to protect his competitive position.

1. CREDITS AND FINANCIAL GUARANTEES AS OF APR. 30, 1971

ACTIVE

[in thousands of dollars]

Loan number	Obligor, purpose	Supplier	Date authorized, maturity	Authorized	Cancelled	Repaid	Out-standing	Undisbursed
2005	Government of Portugal, bridge construction. United States Steel Co. (contractor)		Apr. 19, 1962 to Apr. 15, 1967	65,623	199	6,066	59,359	
	Direct credits:							
2384	1-707	Boeing and United	Nov. 23, 1966 to Feb. 28, 1975	5,832	96	2,499	3,237	
2520	1-707 and 1-727	Boeing, et al.	Apr. 25, 1968 to Jan. 31, 1976	4,797	263		4,535	
2590	1-707	do.	Nov. 7, 1968 to Apr. 30, 1976	2,667			2,667	
2713	2-707's	do.	Dec. 24, 1969 to Feb. 19, 1977	4,173	426	535	3,212	
2941	1-727	do.	Oct. 1, 1970 to Feb. 15, 1978	2,028				2,028
2943	2-747's	Boeing and United	Oct. 1, 1970 to May 15, 1982	15,102				15,102
	Total TAP credits:			34,599	785	3,034	13,651	17,130
	Financial guarantees:							
2942	1-727	Boeing, et al.	Oct. 1, 1970	1,126				1,126
2944	2-747's	Boeing and United	do.	29,950				29,950
	Total:			31,076				31,076
	Total Transportes Aereos Portugueses:			65,675	785	3,034	13,651	46,206
	Total credits:			100,222	984	9,100	73,010	17,130
	Total financial guarantees:			31,076				31,076

APPENDIX 8

EXCHANGE OF LETTERS BETWEEN CHAIRMAN DIGGS AND DON P. BOSTWICK, EXECUTIVE VICE PRESIDENT, EXPORT-IMPORT BANK OF THE UNITED STATES REGARDING EXPORT-IMPORT BANK POLICY TOWARD SOUTH AFRICA

February 10, 1972.

MR. DON P. BOSTWICK,
Executive Vice President, The Export-Import Bank of the United States, Washington, D.C.

DEAR MR. BOSTWICK: I am deeply concerned about the \$48,600,000 increase in the Bank's exposure in South Africa, reported in THE WASHINGTON POST on January 15 and in the JOHANNESBURG STAR on January 18, and am requesting to be fully informed on all relevant details of this transaction, including the following points:

In your testimony before the Subcommittee on Africa, June 3, 1971, you stated that the Ex-Im Bank made only medium-term and short-term guarantees to South Africa. You also stated that "we would consider seven years medium-term." What is the explanation for extending a ten-year guarantee? Is there now, as a matter of Administration policy, any limit remaining on the length of guarantee the Bank extends to South Africa?

What are the details in this particular transaction?

On what date was the application for the guarantee made?

When was it approved?

Who is the exporter?

What company in South Africa is the importer?

What is the total amount of the transaction?

What percentage is Ex-Im (1) guaranteeing or (2) lending?

How many locomotives are involved?

Where will the locomotives be used?

Are there any guarantees for non-U.S. financial institutions involved in this transaction? If so, which are they?

What are the terms of this guarantee?

Are there any discount loans involved?

If so, how much of the money is in discount loans?

What is the interest being paid the Ex-Im Bank by the borrowing institutions?

What interest is being paid the borrowing institution by the importer?

What is the interest rate on the \$48,600,000 loan?

I would appreciate a copy of the relevant documents, including the loan application.

The POST article stated that this guarantee was made "in order to meet officially-supported British competition." If this is so, could we have the details on this completion? Does Great Britain make long-term loan guarantees to South African importers of British goods?

In your testimony before the Subcommittee, you stated that all Ex-Im guarantees and loans in southern Africa were approved by the National Advisory Council and by the State Department. Was this transaction approved by both of these agencies? Please send me full documentation on each of the following: (1) short-term FCIA transaction, (2) medium-term FCIA transaction, (3) short, and (4) medium-term financial guarantee, (5) discount loan, and (6) direct loan for United States exporters to (a) Angola (b) Mozambique, and (c) South Africa through December 31, 1971.

In order that we may be fully apprised on all details of Ex-Im exposure in southern Africa, I am also requesting a listing of all applications pending as of this date, February 15, 1972, for the provisions of any Ex-Im facilities for transactions in southern Africa.

I would appreciate receiving a full and prompt response.

Sincerely,

CHARLES C. DIGGS, Jr.,
Chairman, Subcommittee on Africa.

EXPORT-IMPORT BANK OF THE UNITED STATES,
Washington, D.O., March 1, 1972.

HON. CHARLES C. DIGGS, JR.,
Chairman, Subcommittee on Africa, Committee on Foreign Affairs, U.S. House of
Representatives, Rayburn House Office Building, Washington, D.O.

DEAR MR. CHAIRMAN: In a letter dated February 10, 1972, you asked for information concerning "the \$48,600,000 increase in the Bank's exposure in South Africa, reported in THE WASHINGTON POST on January 15 and in the JOHANNESBURG STAR on January 18."

The transaction you cite has not been consummated. We are reluctant to disclose details of such transactions, for to do so seriously jeopardizes the competitive position of the American suppliers involved vis-a-vis foreign suppliers. Inasmuch as some of the details of this particular transaction have been disclosed by sources other than Eximbank, however, and we know of your Committee's concern with South Africa, we are pleased to provide you with the following information in response to your inquiry.

Medium-term transactions, as I explained in my testimony before your Committee on June 3, 1971, generally are those having repayment periods of from one to five years. Increasingly, however, U.S. exporters, in specific transactions, are faced with foreign competition offering longer repayment terms. In order to maintain the competitiveness of U.S. exporters, Eximbank is prepared to consider matching these longer terms. National Advisory Council on International Monetary and Financial Policies guidelines allow Exim to guarantee transactions in South Africa with repayment terms of up to ten years when necessary to meet foreign officially-supported competition.

On November 26, 1971, Continental Bank International applied for an *advance commitment* to guarantee its financing up to \$48.6 million for the sale to South African Railways of up to 150 diesel electric locomotives by General Motors Overseas Operations. We are unable to supply you with copies of the application and supporting documents since these contain privileged information between General Motors and its bank.

The locomotives are for use within South Africa only.

During our thorough review of this application, it was verified that export credit institutions in other countries including the British Government's Export Credit Guarantee Division, were supporting ten year terms for the transaction. ECGD does not publish figures of its liabilities by markets. We have been told, however, that total British exports to South Africa in 1971 were valued at 395 million Pounds Sterling and it is well known that ECGD covers more than a third of all British exports.

After this review and consultation with, first the Department of State, and then, the National Advisory Council, the Eximbank Board of Directors approved the advance commitment to Continental Bank International on December 23, 1971.

Should General Motors Overseas be awarded the contract, the financing would follow Eximbank's standard guarantee financing pattern. Should the contract price amount to \$60 million, ten percent of the contract price, or \$6 million, would be required as a cash payment. The remaining 90% of \$54 million would be financed, \$5.4 million by the exporter at his own risk, and \$48.6 million by Continental Bank International with the guarantee of Eximbank. Exim would thus guarantee 81% of the contract price or 90% of the financed portion. No Exim funds would be involved in this transaction, there would be no guarantees to non-U.S. institutions, and no discount loans would be involved.

Continental Bank would pay to Eximbank a gross guarantee fee of \$1,875,960, i.e., \$3.86 for each \$100 of the financed portion. South African Railways would repay Continental Bank \$48.6 million plus a floating interest rate equal to 1% over Continental Bank's prime rate in 20 semi-annual payments.

If General Motors were to be awarded this contract, it would benefit greatly the 7,500 employees of that company's Electromotive Division in La Grange, Illinois, 40 percent of which are reported to be non-Caucasian.

All Eximbank activity in southern African follows the guidelines of the National Advisory Council and is cleared with the Department of State. In addition, transactions with an Eximbank principal liability of \$10 million and over and repayment periods of seven or more years must be formally cleared with the NAC.

We are unable to provide a listing of applications pending as of February 15, 1972. To do so would disclose commercial plans of the applicants and their banks and could result in a loss of U.S. export business.

You may recall that during my testimony before your committee on June 3, 1971, I stressed the importance of advancing U.S. export interests on the total of the African Continent. I am pleased to report to you, therefore, that since July 1, 1969, Eximbank has participated in financing U.S. export sales of approximately \$208 million to the sub-Saharan African countries of Senegal, Liberia, Ivory Coast, Nigeria, Cameroon, Gabon, Central African Republic, Zaire, Zambia, Kenya, Ethiopia, Togo, and the Malagasy Republic.

By contrast, for the same period, we have supported U.S. sales of \$83 million to South Africa, Angola, and Mozambique.

A listing of Eximbank liabilities in these three countries, by program, is enclosed.

We truly hope that the foregoing is responsive to your inquiry and we thank you for your continuing interest in Eximbank.

Sincerely yours,

DON BOSTWICK,
Executive Vice President

Enclosures.

APPENDIX 9

UPDATING OF EXIMBANK'S EXPOSURE IN ANGOLA, MOZAMBIQUE, AND SOUTH AFRICA LOANS, GUARANTEES, AND INSURANCE, DEC. 31, 1971
 [In thousands of dollars]

Country	Short-term FCIA insurance	Medium-term FCIA insurance	REG bank and exporter guarantees	Financial guarantees	Loans	Recourse sales	Total exposure
Angola	1,010	5,648	996		6,493		14,146
Mozambique	93	900	516		4,581		6,089
South Africa, Republic of	7,776	13,389	59,911				81,555
Total	8,879	20,417	61,423	0	11,074	0	101,800

Note: NB. Totals may not add due to rounding.

1. ACTIVE LOANS AS OF DEC. 31, 1971

ANGOLA

[In thousands of dollars]

Loan number	Obligor/purpose	Supplier	Date authorized	Maturity date	Amount author- ized	Cancelled	Dis- tributed	Repaid	Out- standing	Undis- tributed	Exposure
2468	Companhia Mineira Dolobite SARL/railroad locomotives	General Electric	Sept. 11, 1967	Apr. 30, 1979	6,824	112	6,712	1,119	5,593		5,593
3533	Maquinas E Equipos Teen De Angola/construction machinery and equipment	Allis Chambers	Dec. 23, 1971	Dec. 31, 1975	900					900	900
Total					7,724	112	6,712	1,119	5,593	900	6,493

MOZAMBIQUE

531	Republic of Portugal, railroad construction and equipment	Various suppliers	Aug. 28, 1952	Oct. 15, 1977	17,000	4,548	12,452	7,872	4,581		4,581
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2. MEDIUM TERM GUARANTEES AS OF DEC. 31, 1971

ANGOLA

(In thousands of dollars)

Guarantee number	Borrower/purpose	Exporter/bank	Date authorized	Amount authorized	Repay-ments	Outstand- ing balance	To be shipped	Total exposure
G025-0010	Sociedade de Representacoes, Ld.: agricultural equipment, Rome Overseas Plow.	Rome Overseas Plow Co., Citizens & Southern National Bank.	Mar. 9, 1964	427	337	15	140	155
G040-0238	Caminho de Ferro Do Mocamedas: locomotive, General Electric.	General Electric Co., Morgan Guaranty.	May 23, 1968	1,071	483	426	-----	426
G050-0171	Algodoeira Agricola de Angola: Gin equipment	Gordin/Moss, Continental Illinois National Bank & Trust Co.	Jan. 24, 1969	225	140	85	-----	85
G050-0263	Cotton gin.	do.	May 15, 1970	216	85	128	-----	128
G050-0311	Sociedade Algodoeira do Ambriz: cotton ginning plant machinery.	do.	May 27, 1971	202	-----	201	-----	201
Total				2,141	1,045	855	140	995

464

MOZAMBIQUE

G025-0011	Soc Technica Equip Industries, Harrows-Rome Plow Co.	Rome Overseas Plow Co., Citizens & Southern National Bank.	Mar. 14, 1964	200	48	-----	152	152
G050-0156	Uniao Coop Ind. Agric. Vale. Zamb, cotton gin equipment, allied products.	Allied Products Corp., Continental Illinois Bank & Trust Co.	Nov. 8, 1968	111	48	63	-----	63
G050-0335	Monteiro & Giro Ltda, farm equipment.	Continental Illinois National Bank & Trust Co.	Oct. 7, 1971	300	-----	-----	300	300
Total				611	96	63	452	515

GAMB-0001-A	South African Iron & Steel Inc. Steel foundry equipment (XG-999-3088)	United Engineering & Foundry Co. (no bank involved)	Mar. 4, 1971	6,300		
G010-0271	Diesel electric locomotives	General Motors Corp. Manu- facturers Hanover Trust Co.	Apr. 12, 1971	583	583	583
G089-0049	Cold reduction mill	United Engineering & Foundry Co., Pittsburgh National Bank.	May 17, 1971	1,040		
G102-0010	Electrical equipment	(1)	Dec. 27, 1971	3,240	3,240	3,240
G111-0011	Gas and oil fired reheating furnaces	(2)	Oct. 18, 1971	891	891	891
GAMB-0002-A	South African Railways: Diesel electric locomotive (G71-154)	General Motors Corp., Continental Bank International	Dec. 23, 1971	48,600	48,600	48,600
G040-0208	Locomotives, General Electric	General Electric, Morgan Guaranty	July 24, 1967	11,650	4,662	4,512
G025-0112	Chenille Corp. of South Africa: Tuft machine, Chattanooga Tuft Supply	Chattanooga Tufters Supply, Citizens & Southern National Bank	Mar. 12, 1969	35	27	9
G025-0114	do.	do.				
G039-0019	Universal Anodizing Co. Pty. Ltd.: Aluminum press, Sutton Engi- neering Co.	Sutton Engineering Co., Mellon National Bank & Trust Co.	May 13, 1969 June 24, 1968	19 262	13 159	2 95
G040-0294	Lease Plan International Corp., South Africa: Passenger depart con- trol system	Raytheon Data Systems Co., Morgan Guaranty	Jan. 28, 1971	1,053		1,053
G050-0301	SA Litho Co., Ltd.: Printing press/roller	MDG Graphic Systems, Continental Illinois National Bank & Trust Co.	Apr. 26, 1971	136		136
G050-0333	J. I. Case South Africa Pty Ltd.: Agricultural equipment	(1)	Oct. 1, 1971	400		400
G055-0059	B. I. Foods Pty Ltd.: Beverage dispensing equipment	The Cornelius Co., First National Bank of St. Paul	Nov. 24, 1970	43	14	29
G055-0072	do.	(1)				
G120-0034	Welkom Bottling Co., Ltd.: Bottling machinery	A-T-O Inc., Mellon Bank Interna- tional	Dec. 29, 1971 July 16, 1970	41 79		41 54
G173-0008	Electrical Construction Co., Pty.: Microwave ovens	Merchants National Bank of Cedar Rapids	Oct. 6, 1971	250		250
G999-2408	Lessee-Boxes & Shooks: Box making machine	Stepping Machines Co. (no bank involved)	Feb. 3, 1967	85	69	16
	Total			78,708	4,968	4,717
						59,911

1 Cancelled.

* In the belief that recent transactions may not have been completed, the names of the banks and exporters have not been entered to protect the letters' position.

ANGOLA
3. MEDIUM TERM INSURANCE AS OF DECEMBER 31, 1971, ACTIVE
[In thousands of dollars]

Guarantee Number	Obligor/purpose	Exporter	Date authorized	Amount authorized	Canceled	Repaid	Out-standing balance	Undisbursed
CC-0247-OR	Maquinas e Equip. Tecinos Angola: Agricultural Machinery	Wolff Sales Engineering Co.	Aug. 26, 1970	122		28	35	60
CM-4655-OR	Sociedade Representacoes, Ltd.: Caterpillar tractors and equipment	Export Credit Corp.	Oct. 7, 1968	461	310	152		
CM-4679-OR	Casa Americana Comercial SARL: Construction, agricultural and material handling equipment	Allis-Chalmers Manufacturing Co.	Oct. 14, 1968	238		190		48
CM-4701-R	Casa Americana Comercial SARL: Construction, agricultural and material handling equipment	Allis-Chalmers Manufacturing Co.	Oct. 20, 1967	1,935				1,935
CM-4939-OR	Uniao Comercial de Automoveis: 19 diesel engines	Cummins Engine Co.	Jan. 23, 1969	134	60	57	12	5
CM-5445-XOR	Robert Hudson & Sons Ltd.: Agricultural and construction machinery	J. I. Casa Co.	July 10, 1969	244		65	63	117
CM-6359-OR	Friauto SARL: Automatic machinery, air conditioners, and refrigeration	Export Credit Corp.	Mar. 31, 1970	380		93	375	CR 87
CM-7596-OR	Uniao Comercial de Automoveis: Diesel engines	Cummins Engine Co., Inc.	Feb. 22, 1971	43				43
CM-8040	Co Mineira do Lobito SARL: New truck and loaders	International Harvester Export Co.	June 7, 1971	743				743
CM-8205-OR	Maquinas E Equipamentos Tecnico: Construction machinery	Allis-Chalmers Manufacturing Co.	July 15, 1971	270				270
CM-8213-O	Robert Hudson & Sons, Ltd.: Agricultural machinery and implement and supply parts	Export Credit Corp.	July 16, 1971	25			21	4
CM-8295-R	Maquinas E Equipamentos Tec An: Construction machinery accessories	Allis-Chalmers Corp.	Aug. 9, 1971	1,800				1,800
CM-8385-OR	Sorel SARL: Road construction and civil engineering machinery	Export Credit Corp.	Aug. 27, 1971	288	288		75	CR 75
CP-5417	Alpoeira Agricola de Angola: Cottonseed delimiting equipment	M. Neumann & Son Inc.	June 23, 1969	101		65	22	14
PL-0227-R	Casa Americana Comercial: Crawler tractors	Allis-Chalmers Manufacturing Co.	Jan. 11, 1966	167				167
Total				6,951	658	650	603	5,044

MOZAMBIQUE
3. MEDIUM TERM INSURANCE AS OF DECEMBER 31, 1971, ACTIVE
 (In thousands of dollars)

Guarantee Number	Obligor/purpose	Exporter	Date authorized	Amount authorized	Canceled	Repaid	Out-standing balance	Undis-bursed
CM-8553-OR.....	Soc Technica de Equipamentos: Construction equipment.....	(1).....	Oct. 5, 1971	900				900
Total.....								900

(1) In the belief that recent transactions may not have been completed, the name of the exporter has not been entered to protect his competitive position.

REPUBLIC OF SOUTH AFRICA
3. MEDIUM TERM INSURANCE AS OF DECEMBER 31, 1971, ACTIVE
(In thousands of dollars)

Guarantee Number	Obligor/purpose	Exporter	Date authorized	Amount authorized	Canceled	Repaid	Out-standing balance	Undisbursed
CC-0001-R	Huber Davies & Co., Ltd.: Construction equipment.	Export Credit Corp.	Jan. 2, 1969	746		462	80	205
CC-0028-R	Aircraft Distributor of Southern Africa: Aircraft.	Cessna International Finance Corp.	June 9, 1969		190		193	377
CC-0028-S	Aircraft Distributor of Southern Africa: Aircraft.	do.	June 9, 1971	257		257	462	CR 462
CC-0155-R	Premier Metal Co. of South Africa: Hydraulic cranes.	Export Credit Corp.	May 15, 1970	1,630		205	253	1,172
CC-0172-R	Premier Metal Co.: Construction equipment.	Clark International Marketing	Apr. 20, 1970	2,399			353	2,046
CC-0184-SPR	Mac Nay Holdings (PTY) Ltd.: Construction equipment.	Export Credit Corp.	May 8, 1970	822		419	256	148
CC-0296-R	Tullis Laundry & Engineering Supplies: Hot water and steam boilers.	York-Shipley, Inc.	Nov. 20, 1970				48	48
CC-0351-R	J. Mac G. Love & Co.: Construction machinery and equipment with ACC.	Export Credit Corp.	Mar. 22, 1971	146		4	73	69
CC-0118-R	W. S. Thomas & Taylor Ltd.: Construction equipment.	E. D. Eynre & Co.	Jan. 7, 1970	94		94	3	CR 3
CC-0357-R	Hilings Pty. Ltd.: Mew Mack trucks.	Mack Trucks Inc.	Apr. 7, 1971	600			600	459
CC-0381-R	Construction & Mining Equipment Co. Ltd.: Construction and mining equipment and spare parts.	Harnischweger Corp.	May 20, 1971	1,401			942	
CC-0382-R	Construction & Mining Equipment Co. Ltd.: Construction equipment.	International Harvester Co.	May 20, 1971	1,583				1,583
CC-0428-R	W. S. Thomas & Taylor Ltd.: Chip spreader and parts.	Piper Aircraft Corp.	Oct. 20, 1971	86				86
CW-2438-R	Placo Aircraft Sales: Single and twin engine aircraft.	General Motors Acceptance Corp.	Feb. 3, 1966	4,528		2,042	402	2,084
CW-4083-R	Wahib Binzager: Passenger cars.	Marumont Corp.	Dec. 12, 1967			82	20	CR 20
CW-4160	Industex Ltd.: Textile machinery.	do.	Jan. 29, 1968	111		111		
CW-4269	D. T. H. Beier & Co.: Ginning machines.	Crompton & Knowles Corp.	Feb. 16, 1968	233			35	CR 7
CW-5784-R	J. Mac G. Love & Co., Ltd.: Construction machinery.	Export Credit Corp.	Oct. 30, 1968	36		205		36
CW-6109-R	Crane & Excavator Co., Ltd.: Cranes.	Export Credit Corp.	Jan. 27, 1970	38		13	25	
CW-6129	Fine Wool Products of South Africa: Textile dyeing machine.	Gaston County Dyeing Machine C.	Feb. 3, 1970	57			55	3
CW-7612	Exata Business Forms Pty. Ltd.: Business forms printing press.	Schriber Co.	Feb. 25, 1971				CR	
CW-7626-SP	Societe Africaine de Bonneteri: Knitting machine.	do.	Mar. 2, 1971	83		1		83
CW-8122	Wadeville Crane & Equipment Hire: Hydraulic cranes groves.	Export Credit Corp.	June 24, 1971	63			63	
CW-8211	Hendler & Hender Ltd.: Metal forming machine.	Cincinnati Milacron Co.	July 16, 1971	23			23	CR 1
CW-8388	Landdowne Bottling Co.: Carbonating machinery.	Geo. J. Meyer Manufacturing Co.	Aug. 20, 1971	270			243	270
CW-8526-R	W. S. Thomas & Taylor Ltd.: New construction machinery.	do.	Sept. 30, 1971	743			743	243
CW-8580	K. Baker Associates Pty. Ltd.: Computer peripheral equipment.	do.	Oct. 15, 1971	162			8	162
CW-8676	Premier Metal Co. of South Africa: New grove cranes.	do.	Nov. 10, 1971	8			20	8
CW-8783-R	Ernest H. Johnson Pty. Ltd.: Construction equipment.	Niemkor Construction, Pty. It.	Dec. 14, 1971	1,008			1,008	200
CW-8794	Niemkor Construction, Pty. It.: Construction equipment.	W. S. Thomas & Taylor, Ltd.	Dec. 17, 1971	1,008			335	1,008
CW-8797-R	W. S. Thomas & Taylor, Ltd.: Construction equipment.	Bernhard Steiner Pianos: Pianos and organs.	do.	1,008		125	16	1,008
ECC-0077-R	Bernhard Steiner Pianos: Pianos and organs.	D. H. Baldwin Co.	Oct. 8, 1969	182		52	81	200
ECC-5311-R	Jo Mangold Spares & Implements, Ltd.: Construction equipment.	J. I. Case Co.	May 26, 1969	117			117	81
ECC-8806	Automation Business Forms Pty.: Business forms printing equipment.	do.	Dec. 22, 1971	117				117
Total				18,178	224	4,089	3,254	10,615

1 In the belief that recent transactions may not have been completed, the name of the exporter has not been entered to protect his competitive position.

APPENDIX 10

APPROVED EXIMBANK DISCOUNT LOAN COMMITMENTS IN SOUTH AFRICA, ANGOLA, AND MOZAMBIQUE AS OF DECEMBER 31, 1971

I. SOUTH AFRICA

D-50-30—Continental Illinois National Bank

Exporter: Baldwin-Lima-Hamilton Corp.

Foreign Purchaser: J. H. Plan Construction Equipment Co., Johannesburg.

Products: Lima Crane.

Contract Price: \$230,000; 20 quarterly at 8½% p.a.

Advance Commitment Amount: \$184,000.

Approved by the Discount Loan Committee: December 9, 1969.

Current Status: Disbursement of \$160,000 was made on February 3, 1970, this loan was prepaid on September 29, 1970.

D-45-70—Wells Fargo Bank

Exporter: Burroughs Corporation.

Foreign Purchaser: Burroughs Machines Limited, Johannesburg Transvaal, South Africa.

Product: Computer systems and related components.

Contract Price: \$500,000.

Advance Commitment Amount: \$500,000.

Approved by the Board: October 13, 1971.

Current Status: The availability date of the discount commitment is May 31, 1972. No disbursements have been made to date.

II. ANGOLA

D-40-48—Morgan Guaranty Trust Company

Exporter: Caterpillar Tractor Company.

Foreign Purchaser: SOREL, S.A.R.L., Luanda, Angola.

Product: Full line of Caterpillar equipment.

Contract Price: \$2,250,000.

Advance Commitment Amount: \$2,250,000.

Approved by the Board: April 2, 1970.

Current Status: The availability date of the discount commitment is March 31, 1972. No disbursements have been made to date.

D-82-26—First Chicago International Banking Corporation

Exporter: General Motors Overseas Distributors Corporation.

Foreign Purchaser: Companhia do Caminho de Ferro de Benguela (CCFB) Lobito, Angola.

Product: Terex earthmoving equipment.

Contract Price: \$1,100,000.

Advance Commitment Amount: \$935,000.

Approved by the Board: December 3, 1970.

Current Status: The availability date of this commitment is July 31, 1972. No disbursements have been made to date.

III. MOZAMBIQUE

D-96-63—Crocker National Bank

Exporter: Clark Equipment Corporation.

Foreign Purchaser: Caminhos de Ferro de Mozambique, Lourenco Marques, Mozambique.

Product: 23 Forklift trucks.

Contract Price, \$300,000.

Advance Commitment Amount: \$255,000.

Approved by the Discount Loan Committee: September 22, 1971.

APPENDIX 11

[United Church of Christ, Council for Christian Social Action, New York, N.Y.]

"Is ECONOMIC GROWTH DISINTEGRATING APARTHEID?"

(By Richard Johnstone)

February 10, 1971.

The following article was originally published in the British scholarly journal *African Affairs* and reprinted in *Sechaba* the publication of the African National Congress.

During a time in which there is increasing public debate over the political implications of economic growth in South Africa Rick Johnstone's article helps provide a thoughtful context.

YES:

SAYS THE S. A. FINANCIAL MAIL IN A LEADING ARTICLE ON 11TH SEPTEMBER 1970

The reforms will come. They will come from the pressures of economic growth, of burgeoning demand for labour, from the sheer physical impossibility of drawing on this country's limited pool of White talent indefinitely for all the skills, the management and leadership that an economy of this size and potential demands.

Economic development will bring change that will loosen chains, just as it did in the Middle Ages in Europe. There the rise of towns, and the emergence of a merchant and artisan class between landowner and serf, made way for reform and enlightenment. We believe economic development will do the same in South Africa for the non-European.

Every extra rand invested is thus another ray of hope for those trapped on the dark side of apartheid, every extra job created is another step towards the peaceful transition that the inexorable pressures of economic life will impose. And, as African living standards improve, as they become more educated, as the cultural gap closes, and as their way of life moves closer to that of Western society, so it is hoped the fear which explains so much that is otherwise inexplicable in this country, will subside and a realisation of the true complementarity of White and Black increasingly take its place.

And as racial interdependence widens (and it is already widening much faster than many would have dared hope 10 or even five years ago) so the political, as well as social and economic scene, will we believe change for the better.

NO!

SAYS RICK JOHNSTONE

(*Sechaba* publishes these views in the hope that it will provoke discussion. Readers views for publication will be welcome.)

As this article was not originally written for *Sechaba*, I want to say a few words about it.

One of the major props in Western appeasement and liberal equivocation towards white supremacy in South Africa is the argument that economic development is disintegrating apartheid and white supremacy—the sort of argument that says "We are against apartheid, but it's being taken care of by economic development, therefore there is no need for the military liberation struggle."

My article is an attempt to refute this conventional wisdom and to expose its ideological function. This accounts for its concern with the pragmatic aspects of apartheid and with continuities in the structure of white supremacy. But it is not, of course, suggesting that South Africa is not rent by serious internal

contradictions. The argument, directed against the ideology of appeasement, is that these internal contradictions are not alone in themselves going to eliminate white supremacy in some automatic way through economic development (though their existence and intensification are obviously important conditions of the liberation struggle).

In THE PAST decade, extensive economic development has taken place in South Africa, and the visitor to that country quickly becomes aware of the affluence of the whites, who enjoy one of the highest material standards of living in the world. But political significance of this economic expansion is less obvious and the subject of growing debate. It is the view of many observers that this economic development is undermining the government's racial policies of apartheid and the system of white supremacy, or that it is likely to do so in the not too distant future. For while the official goal of apartheid is increasing racial segregation and separate development, economic expansion is seen to mean continued racial integration and interdependence at the economic level, which is seen to be subversive to apartheid policies. The desire of the whites for both prosperity and apartheid is thus seen to be basically contradictory, and their determined quest for the former and apparent failure of the latter are thought to be undermining white supremacy.

It would appear, however, that this prevailing thesis has serious limitations. The purpose of this study is to assess the relations between economic development, apartheid labour policies and white supremacy in South Africa today, and to develop a critique of this thesis. It is not a detailed examination of any particular aspect of the subject, but rather an attempt at a broad and integrated overview, which might suggest directions for further research.

At the outset, two important distinctions which underlie the whole analysis need to be made. First of all, "apartheid" must be distinguished from "white supremacy". "Apartheid" refers to the South African government's racial policies and ideology, while "white supremacy" refers to the overall power structure in South Africa, which is partly maintained by apartheid policies. The blurred use of the terms together, however, often seems to imply that the power structure of white supremacy is the product of apartheid policies alone which it is not. The second distinction is between two levels of apartheid—that of actual policies, and that of justificatory ideology. "Apartheid ideology" refers to the official goals and doctrines in terms of which the actual racial policies of the South African government are justified; while "actual apartheid" refers to the racial policies actually being pursued and implemented by the government.

The article falls into three parts, first examining the limitations of the prevailing thesis in relation to apartheid labour policies, and then in relation to the persistence of the basic labour structure of white supremacy, and concluding with a brief critique of this thesis in the light of the evidence and conclusions of the earlier sections.

ECONOMIC DEVELOPMENT AND APARTHEID LABOUR POLICIES

The basic goal of apartheid ideology is the increasing and eventually total segregation and separate development of the different racial groups. But certain economic developments—in the spheres of geographical and occupational labour mobility—have been moving in the opposite direction to this official ideology. The growing movement of African workers into the "white" urban areas, and their increasing employment in semi-skilled work, have furthered the economic integration of the two major racial groups (African and whites), which is seen to contradict apartheid.

The movement of Africans into the urban areas had continued steadily. Between 1911 and 1960, while the total urban population multiplied by 2.75, the urban African population multiplied by 7. Between 1951 and 1960, the number of Africans in urban areas rose by nearly 50 per cent, from 2.4 million to 3.4 million, and it was estimated to be about 4.3 million in 1968. Today the non-whites outnumber the whites in all of South Africa's major cities, forming 64 per cent, 62 per cent and 71 per cent of the populations of Johannesburg, Cape Town and Durban respectively.

African labour underpins the whole South African economy, with Africans providing about 70 per cent of the country's economically active population, and with the majority of them engaged in essential labour for the whole population. But the movement of Africans to the urban areas reflects their growing importance in the industrial labour force. In manufacturing, their numbers

rose by about 200,000 between 1960 and 1966. The nonwhite proportion of the manufacturing labour force rose from 70 per cent in 1961 to 75 per cent in 1966, and it is estimated that it will reach 80 per cent in 1971.

This has been accompanied by a degree of upward occupational mobility. For some time South Africa has been suffering from an acute shortage of skilled labour which has exerted pressure on the traditional job colour bar reserving all skilled work for whites, and implemented as a government policy. A growing number of non-whites are being employed in semi-skilled and operative jobs.

It is these features of the situation on which the prevailing theory focuses its attention. The mobility of non-white labour in these spheres is seen to be basically at variance with apartheid policy. But is this in fact the case?

The prevailing theory could mean two things. Either these developments are contradicting apartheid because the government is sincerely attempting to implement the official ideology of total separate development, which in these cases appears to be contradicted; or the government is not implementing this ideology, and is just drifting along with a comprehensive policy and gradually succumbing to the pressure of these developments. But the perspective ignores a third possibility, which is in fact the reality—that these developments are not contradicting apartheid because the government is not literally pursuing the official ideology, but does have a comprehensive policy, which far from being in conflict with these developments, has encouraged them and is secured by them.

In fact, in relation to apartheid labour policies, the prevailing thesis is invalid for two reasons. The incompatibility which it claims to see in these spheres is not present, because of the nature of actual apartheid. Secondly, the absence of such incompatibility between the imperatives of economic development and apartheid policies in other areas of greater importance to white supremacy is also ignored. Both these points will now be examined more closely.

REAL GOALS OF APARTHEID

In the first place, it is a mistake to believe that the continued and increasing use of African labour in 'white' industry is a contradiction of apartheid. For the government is not in fact attempting literally to implement its official ideology of total separate development. The actual goal of apartheid policies is the pragmatic development of an economically powerful white supremacy. The whites want continued prosperity and continued supremacy, and the government is seeking to secure both of these goals together. The true rationale of apartheid policies is thus to maximise economic development both for the sake of white prosperity and for the material protection of white supremacy. The function of the official ideology is to justify the increasing denial of rights to, and servile status of, non-whites in the 'white' areas in the name of future rights and opportunities for them in 'their own' areas.

This nature of actual apartheid is evident in many ways, some of which will be examined now and others in the following sections. Here we are concerned to see how this rationale expresses itself in relation to those economic developments (non-white labour mobility in the white areas) which are supposed to contradict apartheid. It is clearly apparent in the actual policies being pursued by the government in this regard: the reduction of Africans in the 'white' areas to an essential minimum (but their continued extensive presence in these areas rather than the total separation foreseen by official ideology); the reduction of the status of those Africans still in 'white' areas to that of rightless migrants (but the continued large scale use of their labour in these areas, and the absence of work and thus of meaningful rights for Africans in the Reserves); the diversion of industrial development to the border areas near the Reserve (rather than the industrial development of the Reserves); and a flexible policy toward the job colour bar (rather than its rigid ideological implementation).

The removal of 'inessential' Africans has taken two basic forms: the removal of whole African settlements from rural areas designated as 'white', and the removal of individual Africans by 'endorsing them out' under various movement controls. Up to the beginning of 1968, 193 African communities—a total of 73,000 people—had been removed from their rural settlements, and 276 more were scheduled for removal. Each year thousands of Africans are endorsed out of the urban areas to the Reserves. The government has made it clear that it intends to expel economically inactive Africans from the 'white' areas.

The migrant and rightless status of Africans working in the 'white' areas is secured by a complex system of labour and movement controls which severely restricts the rights of these Africans. The government has been extending the

migrant status of these workers, notably by the Bantu Laws Amendment Act of 1964, the Bantu Labour Act of 1964, and the Bantu Labour Regulations of 1965 and 1968. Under these Regulations, no African may leave the Reserves unless he has obtained a contract of employment through a government labour bureau, and no such contract may be valid for more than a year, though it may be renewed. Through these labour bureaux, the government wields very wide powers over African workers. The rights of Africans to stay in 'white' areas because of certain qualifications such as birth, long residence or continuous employment in them, have been whittled away. Commenting on the 1968 Regulations, a government minister declared that through them 'we now give judicial recognisance of our expressed policy of building our economy on contract labour.

The whites want the continued use of African labour without the continued residential presence of African people in the 'white' areas. Thus non-essential Africans are removed, while essential African workers are shuttled about, deprived of rights in the places where they live and work, and without jobs in the 'homelands' where they are told to exercise their rights. Through this migrant labour system the whites secure their supposedly contradictory goals of prosperity and white supremacy and racial separation, at the expense of the Africans, on whom it inflicts permanent instability, the destruction of family life, and other serious disabilities.

Another response of actual apartheid to the movement of African labour into 'white' industry is the border industry policy, which seeks to divert industrial development to the borders of the African Reserves. These are to function as reservoirs of cheap labour within easy access of industry rather than to become the economically developed regions pictured in apartheid ideology. Through such measures as the Physical Planning and Utilisation of Resources Act of 1967 the government is encouraging the establishment of new industries and the relocation of urban industries in the border areas.

Among the incentives offered by the government to companies to move into these areas has been the authorization of African wage rates lower than those in the cities. Government Wage Determinations for industries in these areas have tended to recommend wages lower than elsewhere, and often lower than those actually being paid in them at the time. Between 1960 and 1968 over £150 million had been invested in these border industries, creating employment by 1969 for about 109,000 Africans and 36,000 others. While at the moment this is of only marginal significance relative to the size and importance of urban industry, it must be contrasted with the almost total neglect of industrial development in the Reserves, where between 1960 and 1966 only 35 new industries were established, employing 945 Africans.

The pragmatic and flexible nature of actual apartheid is also apparent in the government's policy towards non-white occupational mobility. The job colour bar is extensively prescribed in legislation, and up to 1968, 24 job reservations had been made under the Industrial Conciliation Act, which gives the government wide powers to make such discrimination. The job colour bar is also secured by various other means. But these determinations affected only about three per cent of the labour force, and up to June 1967, out of 891 applications from employers for exemptions, only 74 were refused. Early in 1969, Mr. B. Schoeman, the Minister of Transport, announced that thousands of Africans were being employed by the government in semi-skilled work on the railways, and would continue to be as long as their labour was required. The government has thus encouraged a certain flexibility in the job colour bar for the sake of continued economic expansion, and as long as the basic master-servant relationship between white and nonwhite workers is maintained.

This policy reflects the changing disposition of many white workers. Prosperity and the labour shortage have relaxed the traditional rigidity of their attitude toward job reservation. The white workers have been prepared to make 'deals' with employers, whereby they receive better wages and job security in certain occupations in exchange for allowing certain other jobs to be 'diluted' into operative work to be performed by non-white labour at low wages.

FALSE CLAIMS

The conventional claims about the contradiction of apartheid in these spheres of geographical and occupational mobility thus turn out to be unfounded, in the light of the actual nature of apartheid policies in these areas. Only certain aspects of apartheid ideology are contradicted, but this is of little significance since in

these spheres actual apartheid is not concerned with the literal implementation of this ideology but with the pragmatic realisation of white South Africa's dual goals of continuing prosperity and continuing movement of African labour into the 'white' economy; it is simply opposed to this process of labour mobility, which is necessary to continued economic development, becoming at the same time a process of residential and political mobility, which is not indispensable to economic growth and which is effectively being restricted through the system of labour controls.

It is true that employers have been in conflict with the government over the geographical and occupational labour controls. But it would be wrong to interpret this as rejection of all apartheid labour policies and as a sign of a fundamental incompatibility of interests between employers and the government. Rather it is a conflict over the distribution of benefits.

Because of the high degree of consensus among the whites in favour of white supremacy, which reflects the material interests of the different white groups in its structure, conflict among the whites is concerned essentially with the form that white supremacy should take, and with the manner in which the benefits accruing to the whites as a whole from it should be shared among the different white groups, notably the capitalist employers, the white workers and the Afrikaner nationalists. These different groups all seek to maximise their own particular interests, and this may sometimes lead to a certain degree of conflict. But their common commitment to an economically prosperous white supremacy obviously implies certain constraints on the pursuit of these specific interests. The function of actual apartheid is to regulate these different constraints in such a way as to permit the maximisation of different white interests in the two goal areas of prosperity and white supremacy without jeopardising the essential security of either.

ABSENCE OF CONFLICT

Not only are the conventional claims about contradiction in these spheres of economic development and apartheid invalid; the significant fact is ignored that in relation to other important apartheid labour policies—in the spheres of African labour organisation and wages—there is a marked absence of conflict between capitalist development and apartheid. The denial of trade union rights to African workers and the maintenance of low African wages have been cardinal elements of apartheid labour policy both ideologically and in practice. While employers have attacked the job and geographical colour bars, they have not been known seriously to oppose the trade union and wage colour bars, which on the contrary they have on the whole tended to exploit and perpetuate.

This compatibility is all the more significant in view of the basic importance of labour discrimination in these spheres to the power structure of both capitalism and white supremacy in South Africa. For the most important labour control of economic power (trade union, educational and income colour bars) rather than the job and movement colour bars. The latter can be—and are being—administered flexibly without endangering the white power structure. But this cannot be said of the others, certainly not of the trade union colour bar for instance. Powerful African unions with the right to strike could force higher wages, cripple the South African economy and serve as bases for political action. It is significant that in this more important area of labour discrimination, employer and government policies have not been in conflict. The strong persistence of these other colour bars, which will be referred to as the 'core structure' of labour discrimination, will now be examined.

ECONOMIC DEVELOPMENT AND WHITE SUPREMACY

Not only are the limitations of the prevailing thesis evident in relation to apartheid labour policies. They are further indicated by the fact that economic development has not been undermining the core labour structure of white supremacy. Moreover, the persistence of this structure testifies to more than just the weakness of the conventional theory; it points also to the collaborative nature of the relations between the economic system and white supremacy. For it would be a mistake to imagine that this structure is the product of apartheid policies alone; it is also extensively determined by the controllers of private economic power (and by the white workers) who benefit so greatly from it.

The economic position of Africans in South Africa must be examined in the light of three important questions. What is the nature of the economic relationship between whites and Africans? Has the essential stature of this relationship been significantly undermined by recent economic development? And if not, what light does this throw upon the relations between the capitalist system and white supremacy in South Africa? But first some basic distinctions and facts need to be made clear.

Assessments of the economic status of Africans in South Africa commonly adhere to one or more of four justificatory standards: a subsistence standard, comparisons between different countries, comparisons of access to the means of power within one system. Justifications of the economic position of Africans by supporters of the regime in South Africa tend to adhere to the first three of these, taking one of the three forms: the 'basic needs of the Africans are satisfied' argument, the Naples Slum Analogy ('there's worse poverty in Naples'), and the 'things are better than they were before' argument.

It must first be pointed out—without accepting the validity of the subsistence standards—that, even by this minimal standard the position of Africans in South Africa is far from adequate. Recent surveys have found that the average income of Africans is so low that the majority of them actually live below the poverty datum line. In Johannesburg, the incomes of nearly 70 per cent of African families were found to fall below the minimum subsistence level for health living. The majority of Africans suffer from malnutrition, which accounts for an exceptionally high African child mortality rate. The average annual death rate of 1-4 year old African children is estimated to be about 45 per 1,000 live births (compared with 2 per 1,000 for white children in this age group). Research has found that in one African Reserve, at least 50 per cent of all children die before the age of five.

But in fact, of the four commonly used standards, only the last can be accepted as morally valid. What sort of access do the Africans in South Africa have to the means of economic power, and what is their share in the distribution of wealth? These are the vital questions in terms of which economic development in South Africa must be assessed, and in answering them, the first three standards are invalid.

The economic structure of white supremacy is maintained by various forms and measures of racial discrimination, which are too extensive to be fully described here. But the core of these measures consists of those which most basically restrict the access of Africans to the means and possession of economic power, namely the denial of labour organisation and education to Africans, and the unequal distribution of income which reflects and further consolidates this distribution of power.

TRADE UNION DISCRIMINATION

Probably the most important of all the measures of labour discrimination barring African access to economic power are those which prohibit African labour organisation. African trade unions are excluded from legal recognition (under the Industrial Conciliation Act), and strikes by African workers are illegal (under the Bantu Labour Settlement of Disputes Act). Under the latter Act, the interests of African workers are supposed to be represented by government officials. Other laws, such as the General Law Amendment Act and the Suppression of Communism Act, also seriously restrict the rights of African workers to organise and strike. It is measures like these which indicate, in the view of the United Nations Economic and Social Council, that the international standards relating to trade union freedoms are being seriously and persistently violated by South African legislation and by administrative and penal measures.

The African workers are thus deprived of the most elementary rights of labour organisation and are unable to assert their interests freely and legally. The African trade union movement has been virtually hounded out of existence by the government. As a result, today only about half per cent of the economically active African population is organised, and there have been no major strikes by African workers in the last decade. Out of an African industrial labour force of well over a million, the number of African workers officially listed as having been on strike was a mere 9,641 in 1956, and fell to 5,266 in 1960 and to 2,874 in 1967.

A good example of these conditions is provided by a recent strike of Africans in Durban. In April 1969 about 2,000 African dockworkers struck in support of a demand for higher wages. Government and police officials were called in, and the Africans were given the choice of returning to work under existing conditions or being dismissed. About 1,500 of them were then dismissed, and given four hours to leave Durban. New dockworkers were obtained from African labour in and about Durban. As the South African Institute of Race Relations commented: 'The whole episode . . . points to the helplessness of African workers, in the midst of a burgeoning national economy, in overcoming obstacles facing them. They have no power to negotiate on their own behalf for better pay and working conditions.'

EDUCATIONAL DISCRIMINATION

African access to the means of economic power is also severely restricted by educational discrimination. The administration of African education is tightly controlled by the government under the Bantu Education Act of 1953, the government pegged expenditure on African education, at a fixed annual amount. While in proportion of state expenditure on education as a whole remained fairly constant between 1950 and 1963, the proportion of it devoted to African education has fallen, from 0.57 percent in 1953 to 0.396 percent in 1966. Per capita government expenditure on African education has also been declining, falling from R17.08 in 1953-54 to R11.50 in 1962-63, and remaining at about R12 for the rest of the 1960s. Real per capita expenditure on African education today is considerably less than it was twenty years ago.

African enrollment in primary schools has increased, but this is deceptive, owing to the high drop out rate and the concentration of pupils in the very lowest classes. Thus in 1962, 4 per cent of Africans in school were in the two lowest classes of primary school, while only about 3 percent were in any of the five forms of secondary school. In 1967, 71 percent of all Africans in school were in the four lowest primary classes. The proportion of school age Africans in secondary school has not been growing; it was 3.4 per cent in 1953 and 3.43 per cent in 1966.

The conditions in African schools are inadequate in every respect. Whereas schooling is free and legally compulsory for whites, it is neither for Africans. A high pupil-teacher ratio reflects the shortage of teachers, who are badly paid and on the whole poorly qualified. Because of the serious shortage of African schools, those that exist have to work double sessions. It is officially estimated that Soweto, Johannesburg's African town complex, is short of about 60 schools. And the content of African education is closely determined by the government, which fixes the syllabus and aims to condition Africans into an acceptance of an inferior position in society.

Conditions in higher education are no different. In 1968 the nonwhites, who make up four fifths of South Africa's population, furnished less than 12 percent of its university students. Since 1959 all universities and opportunities in the non-white colleges are far inferior to those in the white universities. In the academic year 1968-69, 10,740 degrees and diplomas of higher education were awarded to whites, and 277 to Africans. While the number of whites attending vocational and technical schools has approached 100,000, the number of Africans in such schools remains a few thousand.

CHEAP LABOUR

The denial of trade union and educational rights and opportunities is reflected in the pattern of income distribution in South Africa. It is estimated that in 1969, the Africans—who form about 68 per cent of the population, received 18.8 per cent of South Africa's personal cash income, while the whites—who make up only 19.2 per cent of the population, received about 74 per cent of it. The average per capita income of Africans in 1969 is estimated to have been about eight per cent of that of whites—an average of R7 per month compared to a white average of R95 per month. The racial distribution of income in South Africa is thus characterised by a very high degree of inequality. This varies between different sectors of the economy; in manufacturing whites earn about six times as much as Africans, while in mining they earn eighteen times as much—R304 per month compared to R17 per month for Africans (who receive however some payment in kind). Even in manufacturing, it takes the average African worker a week to earn what the average white worker earns in a day.

The recent economic boom has fostered the idea that this income inequality has diminished. But in fact the reverse seems true. Between 1957 and 1967 the

difference between the average monthly wages of whites and Africans in the manufacturing industry rose from R120 to R194, and it was calculated that just to stop this difference from increasing, the percentage of future pay increases for Africans would have to be five and a half times greater than that of white pay increases. Between 1962 and 1967, white earnings in the manufacturing industry rose from 400 per cent to 485 per cent of those of non-whites. In the gold mining industry the gap has widened steadily. In 1911 the average cash earnings of white workers were 11.5 times those of non-white workers; in 1951 they were 14.5 times, and in 1966 17.5 times the African rate. It has been calculated that the real wages of African workers in South Africa's gold mines today are no higher and are possibly even lower than in 1911. As one observer comments:

'It is true that Bantu wages have been increased in recent years. But if one takes into account the accompanying rise in the cost of living figures, one is struck by the ever-widening gap between white and non-white wages.'

Thus simple statements about increases in African money wages have very little significance, because of inflation, because of far greater increases in white wages, and because of their arbitrary nature, since African workers are deprived of collective bargaining power. And it should be noted that the inequality of total assets in South Africa is much greater than the income disparity portrayed here.

All of the major white interest groups share responsibility for these conditions; they are not the product of apartheid policies alone. The employers, who in the prevailing thesis are pictured to be basically in conflict with white supremacy, in fact play an important role in determining African wage rates. The very low wages of African workers, and their negligible share in the distribution of income, indicate what the response of employers to the rightlessness of African workers has tended to be. They have sought, and obtained cheap labour. The fact that the white workers also play a part in determining African wages does not negate this responsibility of the employers. While the majority of real African wages have remained around or below the poverty line, productivity and profits have expanded enormously. By the beginning of 1967 the total net profits of over 200 South African companies had increased by R71.7 million in just four years.

CONCLUSIONS

Economic development has thus not been undermining the basic labour structure of white supremacy in South Africa. Access by Africans to the essential means of economic power remains severely restricted and controlled, the distribution of income remains grossly unequal and the general coercive powers of the government over African labour have been growing rather than diminishing. The core structure of labour discrimination remains strongly entrenched.

These conditions indicate the explorative nature of the economic relationship between the whites and the Africans. It is a master-servant relationship in all spheres, enforced through a variety of effective controls and sanctions. It is a system in which the Africans are forced to work for the whites at bare subsistence wages, deprived of all basic rights to assert their interest freely and legally, and subject to some of the most draconian and tyrannical labour controls ever developed in modern history. The enormous power and prosperity of the whites in South Africa is based on this systematic exploitation of African labour.

The strong persistence over time of this discriminatory labour structure testifies to the collaboration of the different white interest groups in perpetuating it. Capitalist business, far from being incompatible with the system, secures high profits through very cheap, unorganised and rightless labour; white nationalists and white workers obtain prosperity and the material strengthening of white supremacy.

In fact, far from undermining white supremacy, economic development is constantly re-enforcing it. Its power structure is continually strengthened by its own material output. In a circular process, the African workers produce the wealth and power which enable the whites to go on strengthening this structure of production which goes on producing the power which goes on strengthening the structure and so on. It is precisely the function of actual apartheid to render this process as effective as possible.

CRITIQUE OF THE CONVENTIONAL WISDOM

In attempting to shed more light on the relation between economic development, apartheid policies and white supremacy in South Africa, this analysis has simultaneously been developing a critique of the prevailing theory on this subject. It is proposed not to conclude this critique in a more unified and theoretical form, on the basis of the empirical analysis of the preceding sections.

It may be useful to set out briefly the essential tenets of the prevailing thesis, which are that:

(1) the relations between economic development and the system of white supremacy are essentially conflicting and contradictory;

(2) this is an expression both of the liberalising and integrative nature of the capitalist economy and/or of industrialisation, and of the rigidly ideological and segregative nature of apartheid policies and the system of white supremacy;

(3) this conflict is apparent in the spheres of non-white geographical and occupational mobility, where developments are taking place which contradict apartheid and which are demonstrating its absurdity and impracticability;

(4) the advantage in this conflict tends to lie with the forces of the market economy and industrial development, which tend towards integrated and rational functioning, because South Africa is seen as being incapable of tolerating for long the serious dysfunctions and inefficiencies that stem from the incompatibility of the imperatives of economic expansion and white supremacy. Over time, the already evident contradiction between these two imperatives will increase at the expense of apartheid and white supremacy.

The great bulk of writing and comment on this issue, from academic work to the mass media, implicitly or explicitly adheres to parts or all of this interpretation. It constitutes the conventional wisdom on the subject. Thus one economic historian sees modern South African history as essentially the unfolding of a basic conflict between the free enterprise economy and the "political factor", led by Afrikaner nationalism and controlling the government since 1948. Another sees the whole question in terms of a fundamental conflict between the "liberating" forces of the capitalist economy and the "subjugating" force of "government interventionism", concluding that "the dissolution of colour injustice has been continuously assisted by competitive capitalism". Countless articles in the mass media report and comment on the issues in terms of this general thesis.

WHERE IT GOES WRONG

The basic weakness of this thesis lies in the assumptions which it makes about the imperatives of economic development and white supremacy, and about the relations between them. Capitalist development and industrialisation are assumed to be necessarily liberalising in their nature and effects. White supremacy on the other hand is assumed to be a quite distinct and separate phenomenon, and essentially the product of apartheid policies, which are seen to be the basic source of discrimination. The relations between the two are assumed to be fundamentally conflicting.

That these assumptions are not supported by the empirical evidence has been suggested earlier on. But there is in fact no logical a priori reason why they should hold true. The thesis that industrialisation and the market economy tend necessarily to liberalise inegalitarian structure of group relations is untenable, as Herbert Blumer has shown for instance in his useful paper "Industrialisation and Race Relations". Nor, when one considers the likely interests of capitalism and white colonialism in each other, should the assumption that they are basically incompatible seem at all logically necessary. But the actual compatibility between them, and its empirical manifestation, are not considered by the conventional thesis, which instead begins with this unwarranted polarisation of the situation into "economic" and "political" spheres that are somehow quite separate and incompatible.

Given these invalid assumptions, it is not surprising that the perspective in which the thesis goes on to define and investigate the issues is highly misleading. Attention focuses on the constraining effects of the system of white supremacy on aspects of capitalist development, which are taken to be the manifestation of the alleged incompatibility (thus diverting critical investigation away from the points of real compatibility).

The "problems" of business in its "conflict" with government policies, and the economic inefficiencies resulting from these policies, are emphasized. The central

importance of the occupational and geographical colour bars as obstacles to further economic expansion is an invariable conclusion.

The following passage offers a good specific example of this interpretation. After commenting on the widening gap between white and nonwhite wages, a recent research paper goes on to say:

"Merely raising non-white wages by itself is not the solution . . . What is needed rather is to create a much larger national cake in which case fairer slices could be distributed on the basis of higher contributions. To sum up, this implies simply the more productive use of non-white labour and the related requirements of education . . . accompanied by geographical and vertical mobility. Herein however lies the conflict between the worship of a myth and the country's economic development."

This contains within a short space most of the key tenets of the thesis: the assumptions—that the real conflict is between "the worship of a myth" and "the country's economic development", and that the solution lies in greater economic expansion per se; and the conclusions—that this solution is secured through the more productive employment of non-white labour, which means that the most important economic colour bars are those which tend to prevent this—the occupational and geographical ones. This overlooks the significant facts—which need to be explained—that the "national cake" has expanded rapidly within the framework of white supremacy, and that this has not produced a more equitable distribution of wealth and power, and that the colour bars in question are being administered flexible anyway.

ALTERNATIVE VIEW

The serious limitations of this theory, and the nature of the empirical evidence, as set out in the earlier sections, give rise to the thesis developed in this analysis. Its essential tenets are that:

(1) the relation between capitalist development, apartheid policies and the core structure of white supremacy are essentially collaborative, and conflicts which do take place between them are only over the marginal distribution of class benefits and constraints;

(2) this is an expression both of the extensive compatibility of capitalist interests with the relations of production maintained by actual apartheid and embodied in the power structure of white supremacy, and of the pragmatic nature of actual apartheid in its pursuit of an economically powerful white supremacy;

(3) this is apparent—(a) the absence of significant contradiction between economic development and apartheid policies where it is alleged to exist, (b) the absence of such contradiction in other spheres that are also of greater importance to both capitalism and white supremacy, and (c) the strong persistence over time of the core structure of labour discriminations;

(4) in fact, quite contrary to the prevailing thesis, white supremacy is continually being re-inforced by economic development.

Proponents of the prevailing theory tend to assert that 'development cannot be separated', but ignore the fact that it is being separated fairly effectively in South Africa, and that the ways in which it is not are of only marginal importance to the power structure of white colonialism and the aims of actual apartheid. To say that 'apartheid is never going to be realized', is to misunderstand the nature of actual apartheid, and to ignore the fact that its real goal of an economically powerful white supremacy is already being extensively realised. The future mode of 'separate development' in South Africa is thus not some vague mystery, but very likely to be essentially an extension and refinement of the particular structure of white supremacy currently being developed by actual apartheid. Another common assumption is that somehow prosperity is mellowing the commitment of whites to white domination. This is not confirmed by the evidence however. The trend of election voting in the last twenty years has moved steadily to the right. Most of the whites are grateful to the Nationalist government for the way in which it has secured prosperity and strengthened white supremacy at the same time. The norms of acquisitive individualism and those of white colonialism are co-existing harmoniously together, with the former tending to dominate material life style, and the latter continuing to dominate political perceptions and behaviour. Until there is substantial evidence to the contrary, there is every reason to believe that this will continue to be the case.

IDEOLOGICAL FUNCTION

With all its attention on economic inefficiencies and alleged incompatibilities, the conventional thesis tends very largely to ignore the considerable measures of success of actual apartheid in realising its dual goals. Explaining the extent of this success would mean analysing its structural causes, which in turn would mean recognizing the collaborative nature of the relations between private economic power, apartheid and white colonialism. Emphasizing the 'failures' of the system has provided a diversion from having to analyze these underlying causes of its continuity and success. As one writer comments:

'To assert that the system is going to disintegrate is wishful thinking. It is the liberal conscience which refuses to see that power is exercised precisely because of the mediation of these 'dysfunctions' . . . In other words to believe (for it is indeed a belief) that the machine will break down is to spare oneself from explaining why it does not, and has no internal reason for doing so—if one but considers the dynamism which it has expressed for years.' This does not mean that the system is not threatened, both internally and externally, but that it is not threatened in the way it is conventionally alleged to be.

An accurate understanding of what is really happening in South Africa, and of the true nature of the relations between the economic system, actual apartheid and white supremacy, is thus precluded by the assumptions and analytical framework of the prevailing thesis. The ideological significance of this is perhaps worth pointing out, in view of a not infrequent tendency in some quarters to dismiss radically different thesis—whether its adherents are aware of this or not—serves an ideological function, in diverting critical attention away from the extensive collaboration of the capitalist system—both in South Africa and internationally—in the economic operation of white supremacy.

The conventional wisdom concerning economic development in South Africa is thus not only of limited analytical value, but also has a certain ideological significance. It is hoped that this study may contribute to the development of a useful alternative framework for the continuing analysis of these various aspects of white supremacy in South Africa.

APPENDIX 12

THE AMERICAN CORPORATION IN SOUTH AFRICA: AN ANALYSIS

A FOUNDATION FOR ACTION



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Southern Africa Committee
of the U.C.M.

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INTRODUCTION

During the last five years in the United States there has been an escalating interest in the role of the American corporation in Southern Africa, and particularly in the Republic of South Africa. Questions have come from many quarters - from universities such as Princeton, from numerous Protestant Churches, from Peace Corps returnees, from sectors of the black community, about the question of American investment in South Africa. Some groups which held stock in corporations with subsidiaries in South Africa have pushed them to explain their involvement in a land known around the world for its policy of apartheid.

However, while pressure on corporations who pollute the environment or have discriminatory hiring practices has often been based on hard, detailed data, too often that data has been lacking as we have analyzed specific American companies in South Africa. Obviously such research is necessary for any intelligent analysis of both the general effect of American investment in South Africa and the role a certain company may play. In an attempt to gather some of this data I spent the months of July and August, 1970, travelling in South Africa interviewing representatives of approximately twenty businesses there. Since I was preceded by letters of introduction from parent companies, fortunately these interviews always included the Managing Director of the company, often accompanied by Labor Relations Officers and other officials.

In addition, I met union leaders, journalists, students, publishers, economists, professors, and American and Canadian government representatives. Obviously it was vitally necessary to juxtapose the views of white Americans and South Africans with those of Africans, Asians, and Cape Coloreds to establish a true perspective; and, therefore, a good deal of time was spent with students, unionists, academics, etc., in these communities.

The following report is a drawing together of portions of this data to help us continue our reflections on an appropriate strategy regarding American corporate presence in Southern Africa. Obviously this report is not an attempt to be definitive -- this research must and will be continued -- however, some of these facts and impressions will be new and relevant pieces of input into the research and action field.

To help clarify how the following data fits into a pattern, let us somewhat precipitately list a series of brief conclusions that come out of this study. One must recognize there is a built-in limit caused by a sampling of twenty companies out of hundreds. Nevertheless, some patterns repeat themselves virtually across the board; and, therefore, projection to the whole U.S. business community seems a fair exercise.

The fact is that American business and American businessmen assist in perpetuating and strengthening the racial status quo in South Africa.

- 1.) Individually, American businessmen generally support the racial policies of the South African government or a slightly modified form and work contentedly within the white South African context of labor relations.
- 2.) Their attitudes also reflect a generally hostile stance toward America's "hard line" (their term) foreign policy toward Southern Africa. The attitude spectrum goes from "let South Africa solve her own problems" to strong hopes for American acceptance of and support of South Africa's "sensible" policy. Therefore, any lobbying in the USA is or would be for a more sympathetic policy toward South Africa.
- 3.) Even when critical of certain aspects of South African government economic policy, American business representatives insure that both their personal and corporate relationships with the government are extremely cordial.
- 4.) Their personal relationships inside South Africa follow a "whites only"

format. This greatly affects their perceptions of the lives, needs, and aspirations of Africans, Asians, and Coloreds.

5.) They believe that revolution and majority rule are both against their best interests since such change would hurt the economy and their firms. Therefore, they are against radical change leading to a transfer of power from white hands.

6.) Generally they believe that things are much better for "non-whites" than ever before because of the increased standard of living.

7.) Often they are frustrated by restrictive government legislation in the economic field, but few oppose the government policy of industrial "border areas" which is clearly racially motivated.

8.) South African executives working for American subsidiaries tend to follow these patterns

AMERICAN CORPORATIONS

1.) Subsidiaries state they are "apolitical" in South Africa. However, their presence there exercises a strong political and economic effect in the favour of the status quo.

2.) By both their admission and that of the South African government, American subsidiaries help strengthen, diversify, stabilize, and make the South African economy self-sufficient. Such a role also creates a vested interest in the economic status quo by these corporations.

3.) Generally US companies operate within the context of given South African business norms, eg. while they might oppose Job Reservation as too restrictive, they would generally pay the going rate for an African worker rather than what he is worth. Also, many would consider moving into border areas for economic reasons, despite the racial implications.

4.) Concern for non-white workers is invariably a paternalistic concern rather

than a desire to provide workers with benefits, wages, and powers which are their right.

5.) As guests in South Africa, subsidiaries felt they must follow the laws and customs of the country. This stated intention leads them to acquiesce to a system which is openly racist.

6.) Charitable contributions are made to the South African Foundation by a number of businesses, an act which has distinctly political overtones.

7.) While many American subsidiaries would join with a number of South African firms in attempting to liberalize certain of the government's labor policies, they are neither explicitly nor implicitly working toward an erosion of white control.

Appendix I lists samples of questions asked in interviews, and Appendix II the companies visited.

ATTITUDES OF REPRESENTATIVES OF US BUSINESS

Perhaps it would be instructive to start with an accounting of the individual attitudes and social outlook of the representatives of US business. These attitudes are revealing on their own, but they are doubly important when one asks fundamental questions about American corporations' effect upon social change in South Africa and their effect on the formulation of American foreign policy toward South Africa. One cannot make deductions about the attitudes and actions of every American or South African working for American firms, but certain general trends are both obvious and important. It should also be noted that a majority of American companies have white South African nationals in top level positions of responsibility who, of course, tend to follow the prevalent racial patterns.

GENERAL ATTITUDES

In July, 1969, Market Research Africa (Pty) Ltd., a member of the Charles St. Thomas Group in Johannesburg, compiled "A Study of the Attitudes of American and Canadian Businessmen Based in South Africa Towards Selected Issues Regarding the South African Economy, Business and Politics." This was the third in a series of yearly surveys designed to measure changes in the attitudes of American and Canadian businessmen living in South Africa. It was presented as a promotional device at the American Management Association's seminar on Business Opportunities in South Africa held in New York, August, 1969.

One hundred six replies were received to the questionnaire, a 35% response of those polled. Not surprisingly those polled found the economy very healthy (75%), expected it to expand and considered that business opportunities were "better than one would find in most developed countries" (90%). Fifty eight percent felt that gross pre-tax profit opportunities, as compared to other developed countries, were excellent.

Perhaps more important, 77% felt South Africa's racial policies represented "an approach that is, under the circumstances at least, an attempt to develop a solution." Less than one in ten continue to feel that the approach is "altogether incorrect."

Of those interviewed, 31% stated that they would vote Nationalist if eligible to vote, 32% United Party, and 20% Progressive Party. Simple arithmetic shows that 63% of businessmen polled would have voted for parties strongly supporting the general system of apartheid. From representatives of companies interviewed we have gathered even more detailed data. Interestingly enough, there seemed little difference between US subsidiaries with US citizens or white South Africans as top management. In terms of their conduct

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in South Africa and the reports fed back to the parent company about the economic and social conditions of South Africa, they are remarkably similar.

SOCIAL ATTITUDES OF US BUSINESSMEN

The social relations of American businessmen in South Africa may be a partial indicator of their attitudes. When top management were asked whether they had any friends or acquaintances in the African, Asian, or Cape Coloured communities, to a man the answer was no. One of the more sensitive men admitted that the closest contact he had made with Africans was at the U.S. Embassy July 4th function. Echoing the situation of all interviewed, he explained that inter-racial contact for American businessmen in South Africa is tremendously difficult unless a person made extreme efforts. Of course, in South Africa the incentive to make that extra effort is negligible.

The grossest reaction to the question about inter-racial contact came from the Managing Director of Ford Motor Company in South Africa, who simply stated, "I didn't mix with them in the States; I don't mix with them here, and if I went back to the States, I wouldn't mix with them there either." It is an obviously fair conclusion to state that American and South African managers of American business fit into one of the predominant white social patterns in South Africa, that people do not mix across the race line.

When questioned about certain aspects of life for "non-white" South Africans, almost invariably businessmen interviewed started talking about their servants, "my boy" or "my girl" as they put it. Their only close contact with "non-whites" was with their servants; yet many talked as if they were experts on the customs, culture, superstitions and problems of non-whites. For instance, one executive stated in an appreciative way that Asians were the best waiters in the world.

The implications of this "whites only" social pattern are more significant than the fact itself. (Note: The term "non-white" is being used in this study to signify the total grouping of Africans, Asians, and Cape Coloureds. It is an offensive white South African term but allows us to refer to these three groups under one heading.) These men have tremendous power over the lives of thousands of "non-white" workers, and their attitudes about African, Asian, and Coloured people often bear no relationship to the facts--or at most a very racially prejudiced relationship. The way they use this power mirrors these attitudes.

The extension of the problem is this: Many of these corporate personnel felt they were speaking with authority when they talked about "the Bantu." (The very fact that the term "Bantu" was so easily used instead of African symbolizes insensitivity to African feelings and an open ear to the official language of the government since many Africans find this term highly offensive.) They felt they had a good grasp of the needs and aspirations of "non-white" South Africa and acted accordingly. Thus, one Chrysler executive could say, "the African doesn't want a trade union. He isn't used to democracy, he is used to an authoritarian hierarchical tribal structure. He accepts the white man as his guardian."

The fact is that African trade unionism had some very strong roots especially in the time of Clements Kadalie before it was destroyed by the South African Government. Further indicating this official's misunderstanding of "non-white" aspirations was the quickly volunteered opinion of a Cape Coloured woman working in the plant that the "non-white" workers desperately needed a union.

The white South African mythology about the needs, desires, and customs of "non-white" South Africa therefore becomes operative in the life of the American subsidiary in South Africa and is fed back to the U.S. parent

company. Thus, any information dispersal by U.S. corporations in the U.S.A., whether to the government or the public at large, is often based on exactly this kind of interpretation by their subsidiary. (eg. Our Africans are happy, our "non-whites" wouldn't want a union, Africans don't need as much money to live as whites.)

Such executives will use what power they have both in the macrocosm of South African society and in the microcosm of their plant, to perpetuate a status quo that rests on white superiority, denies black workers political rights, a living and just wage, and the right to organize. At best, the American and South African manager reflects a warm paternalism, concerned from afar with "these people's needs," at worst an impersonal desire to bring "these uncivilized savages" into a technical age and work them hard for the American factory's profit.

Stereotyped comments often heard were: "Africans are very content in South Africa." "Look at my 'boy' and 'girl' (read servant), they're making more money than they've ever made in their lives and are perfectly happy." "Cape Coloreds are basically dishonest." "Africans can do repetitive jobs, but it is very difficult to train them past that point." It would be an understatement to say that American business' understanding of and sympathy for the suffering of the non-white majority is minimal.

The vast majority of those interviewed stated that life for non-whites in South Africa had improved substantially over the past ten years as the economy boomed and as the standard of living increased. This contention will be dealt with in depth later in the report; but, needless to say, few if any Africans, Asians, or Coloreds we talked to could embrace this contention with any enthusiasm. The cross-section of those businessmen interviewed had very little knowledge of non-white maltreatment suffering or inconvenience.

Very few knew of the massive removals of Africans being carried out by the government, for instance.

Even the most "liberal" representatives of American business, men who would have voted for the Progressive Party, stated their firm opposition to majority rule in South Africa. Many stated they felt that white control insured a stable economic order. Derogatory comparative remarks with independent Africa and the supposed economic and political instability of the rest of the continent, were used to legitimize minority control in South Africa. Mr. Emlett, the Managing Director of Union Carbide Southern Africa, a company which has taken a sizeable economic loss because of economic sanctions against Rhodesia and lobbies quite openly against sanctions in Washington, stated calmly that he was against majority rule since it would be bad for both the economy and Union Carbide. Mr. Emlett further pursued his particular political beliefs favoring white control by serving on the U.S. - South African Committee of the pro-apartheid South African Foundation. Mr. J. Purcell, Managing Director of Goodyear in South Africa, a McCarthy type of Democrat who stated he would vote Progressive if he was in South Africa, also spoke strongly against majority rule saying it would "create chaos." Neither of the men addressed themselves to the particular kind of "chaos" which non-white South Africa presently faces under apartheid. It is obvious that men whose job it is to monitor the economy and protect the profits of their corporation do so whilst ignoring the political cost or the human suffering.

THE ROLE OF THE CORPORATION

Using the attitudes of the individual manager of an American company as a general backdrop, let us explore the role of the American corporation itself

and how it relates to the South African society and economy. Officials of U.S. parent companies have been forced to explain this relationship to inquisitive citizens who ask about their South African holdings. These explanations often include these positions, 1.) U.S. know-how, skills and investment have contributed substantially to the South African economy, eg. on June 30, 1970, GM/SA stated, "GM South African has made a major contribution to the growth and development of the Republic." 2.) Usually the enlightened attitudes of both U.S. businessmen and U.S. corporations lead to a more humane wage, labor and benefits policy for all those employed. Many companies speak proudly of being leaders in the South African field, perhaps among the first with a certain pension scheme or wage policy. In addition, non-whites are being taught technical skills, they explain. These technical skills and the rising standards of living make life for non-white South Africans much better than ever before. 3.) American businesses are contributing to the breakdown of apartheid by undermining certain discriminatory labor laws such as the Job Reservation Act limiting certain jobs to whites, and the quota system demanding a percentage quota of whites in industry in specific areas. American businesses are aiding the liberalization of apartheid laws and are in the forefront of progressive changes leading to the development and expansion of job opportunities within South Africa.

4.) As guests in a country American business, whether it likes it or not, must follow that country's laws and customs and must be "apolitical" in its activities in South Africa. 5.) One could not expect it to disengage and bring a loss upon stockholders. 6.) American corporate presence in South Africa is consistent with the foreign policy of the United States.

A RESPONSE: The following are partial responses to these claims.

1.) It is undoubtedly true that American capital and know-how have

played a key role in the expansion and health of the South African economy, but it is the interpretation of this fact that is most pertinent. This supposition is affirmed from numerous sources. Although American capital is numerically small (12% of all foreign investment in South Africa), it plays an important role in key sectors of the economy. Certainly the essential auto, rubber and oil industries have been helped immeasurably by the technical and financial input of U.S. corporations. The main issue is the political implications of this investment and economic assistance.

AMERICAN BUSINESS IN A TIME OF CRISIS

One of the political implications, or political side effects, of this single-minded desire to strengthen the South African economy and carve out an economic "place in the sun" for the American corporation, as one corporate manager put it, is the response of American business to a crisis such as the political-economic crisis of the early 60's. The role and response of the American corporation at that time may provide several lessons.

Perhaps the facets of that important period are more appropriately described by the words of the supporters of apartheid rather than an opponent. The South Africa Foundation, an overtly pro-South African organization, described it in this way in its tenth annual report:

In March, a month after the Foundation had opened its office, the tragedy of Sharpeville occurred. This was followed by strikes, demonstrations and further riots at Langa, Pinville, Dube, Bloemfontein, Durban, Pondoland and elsewhere. A state of emergency was proclaimed and world confidence in South Africa seemed to dissolve. In April a madman seriously wounded the Prime Minister in an attempted assassination.

Despite these climactic events, constitutional government and good order were maintained and the threat of economic collapse and political revolution receded despite continuing unrest. Just when the situation appeared to improve, international misgivings were again revived by the announcement of a referendum to decide whether South Africa should be a

Republic. But early in 1961 at the Commonwealth Prime Minister's Conference in London, Dr. Verwoerd withdrew South Africa's application for continued membership as a Republic of the Commonwealth. The crisis of confidence reached a critical phase. The stock market fell, people and capital fled the country, gold and foreign reserves dwindled. South Africa's future looked bleak if one was to judge from press, radio, and television reports, or from the pronouncements of some politicians, churchmen, academics, and other observers. The situation was, as might be expected, exploited to the full by the United Nations, certain Afro-Asian countries, the Communist powers, and by a legion of well-meaning but largely ineffectual "do gooders." But the tide had turned. The new Republic weathered the storm and slowly peace, progress, and prosperity resumed their march.

The description continues in another established source. The economy "hinged on a sharp decline in confidence when, as growing unrest in the country and the changing colours on the political map of Africa seemed to prestage a large-scale internal conflict of wills, the flow of foreign as well as domestic investment became more hesitant. These uncertainties were clearly reflected in a net outflow of private capital of about \$194 million during 1960. Of the R176 million which the Reserve Bank could 'identify' some R148 million was a repatriation of foreign indirect investment via sales of listed securities, and R28 million was previously South African resident capital being placed abroad. A further net R45 million of foreign capital left the country during the first half of 1961." (LR = \$1.40) (Note: Merton Dagut, "The South African Economy Through the Sixties," Optima, Johannesburg, September, 1969.)

The financial crisis was, of course, also a political crisis. Paul Sauer, Deputy Prime Minister and acting Prime Minister after the wounding of Dr. Verwoerd, had stated boldly that the time had come for a re-thinking of South Africa's racial policies. Admittedly, Mr. Sauer's re-thinking, in all probability, would have been a shallow one and far from equal rights for all South Africans. But the point is this! At a time in which political and

economic instability was leading to a type of re-evaluation, the natural inclination of the profit-motivated U.S. businessmen was to stabilize the economy, since economic instability threatened profit and growth. In this case, of course, economic stabilization meant a return to the political normalcy of "apartheid as usual." It was in this critical period that several American companies ran advertisements proclaiming their faith in South Africa's future and Charles Englehard initiated the American-South African Investment Corporation, a means of attracting American capital back into South Africa. American business pushed for a return to economic stability even though the stability of the status quo automatically assisted in crushing hopes for even mild political change. In the frank words of the Managing Director of Goodyear Tyre Co., S.A., American business in South Africa must be inevitably "counter-revolutionary," opposed to radical political change especially by violence. Revolution, or even rapid social change, would not be in the best interests of these companies since it would obviously jeopardize their profit and long range growth possibilities, he said.

The plea of most U.S. businesses that they are "apolitical" creatures who as a rule of thumb do not interfere in politics is as shallow as it is convenient. If a corporation simply meant that it did not give partisan funds or support to a political party then they might be able to defend their position, but to pretend that U.S. business presence and actions in South Africa have no political implications is ludicrous.

However, many corporations parade the argument that they are apolitical as if it had the quality of a natural law to it. A Chrysler P.R. statement claims "Chrysler does not believe it is its mission to oppose laws and customs in host countries because they differ from ours." John Deere writes

to a church executive, "In doing business, however, we do not find it possible to be involved in judgements very much beyond the normal business relations of a supplier and a customer."

3M wrote to the Council on Economic Priorities, "In all phases of our international operations, we keep in mind, and try to instill in each of our employees, that when we do business in other countries, we are guests in those countries and try to conduct ourselves accordingly. This means that we tend to follow local customs and refrain, as foreigners, from attempting to impose our own views and policies--which, in our case as an American company, involve the active promotion of the equal-opportunity-employer concept." These sorts of explanations are repeated endlessly.

The extreme question to that position is to ask if a corporation actively investing in Nazi Germany would call itself "apolitical," especially if their presence and product assisted the Nazi military potential. For many people this comparison is not extreme, for South Africa's leaders come from that same breed and her official philosophy of racism is equally offensive, especially in the "non-white" world's eyes.

The more moderate question is this. Is it not obvious that the investments of huge multinational corporations automatically carry with them de facto political implications? These same corporations go to great pains to explain how their investment in developing countries assists in the process of economic development which some would contend helps build a stable political base. In other words, international business has already admitted that the simple act of investing or establishing a factory in another nation has real and perceptible effects upon the life and internal affairs of that nation. However, in the case of investing in developing countries, corporations feel they have proof of the beneficial effects of their investment and therefore, proudly propound this theory. In the case of South Africa, many of these

same companies hide behind the "apolitical" mask, explaining that their involvement there is solely for business reasons.

In fact, the political implications of investing and doing business in South Africa are very clear. Investment in the auto, oil, and rubber sectors of the economy assist in building South Africa's military potential. Trucks made by U.S. firms sold to the South African army are but one example of the way in which a "neutral economic investment" helps South Africa. Oil explorations assist South Africa in her frantic search for petroleum, a key strategic product.

Such assistance strengthens the white minority's military power, ultimately assisting them not only in suppressing rebellion at home but also in fighting African Liberation Movements in Mozambique, Angola, and Rhodesia.

In addition, a strong healthy economy in South Africa allows South Africa to continue her politics of white supremacy unshaken.

Polaroid's recent swarm of advertisements in the U.S.A. while deceptive in their contention that education and an expanding economy were a key to change in South Africa, spoke directly to the point that U.S. business is "apolitical" in South Africa. Polaroid stated that it would no longer sell ID-2 identification systems to the South African government for use in the passbook program, admitting that such sales assisted in the white oppression of the black majority. Such an admission by Polaroid helps to crack the myth that U.S. corporations in South Africa are apolitical. When a corporation provides important materials, know how, or equipment for use directly or indirectly in the process of oppression it is both morally and politically implicated in their use. In the future more and more corporations will be forced to admit that their rationale that they are apolitical does not have

the religious sanctity of "natural law." One fears, however, that we will be treated to elaborate exhibitions of window dressing which seem to be conscientious challenges to white South Africa but are in fact attempts to curry favour back home without really endangering their South African position.

AMERICAN BUSINESS - AN ENLIGHTENED INFLUENCE?

We have dealt already with the personal attitudes of the representatives of American business, be they American or South African. In the words of one American Managing Director, Americans here are not much different than white South Africans, they either support the system totally or in a modified form. The comforts which all whites in South Africa enjoy assist in destroying any liberalism they originally may have had, he continued.

In reply to the argument that American business is enlightened in South Africa, several points are in order. One should quickly point out that companies and business norms in the U.S. are infinitely more progressive in labor relations, etc., than the prevailing business norms in South Africa. For example, U.S. business now recognizes, perhaps out of a sense of self-interest, that it must hire, train and promote black Americans in its American operations, if it is to retain any social credibility in American eyes. In South Africa the question of hiring and meaningfully training blacks for better positions is a "non-question." While here it is a source of inflated pride to point to a long overdue hiring and training program for black Americans, in South Africa it would be a public relations disaster to start such a program since it would be interpreted as undercutting white jobs. Government and unions would immediately be on your back. No business journals or businessmen in South Africa refer to "social obligations" toward "non-white" South Africa. The most one hears is a

reference to skills one picks up and the employment provided by working in Company A or the black charities that Company B gives to. The South African context of avowed white superiority and control should insure that claims of "enlightened practices" in South Africa face close and skeptical scrutiny back in the U.S.A.

Multinational corporations are also at pains to point out that they are religious in their observation of the laws and customs of the host company in which they are a guest. In South Africa this would mean that "liberal" business practices in the U.S. sense would be frowned upon and might bring a bad reputation to a company.

The international principles of Caltex (See Appendix VI) applied to the South African situation indicate a "good citizen" policy which allows little leeway for going beyond the limits set by the South African business community. If those norms and limits are unapologetically racist, American companies would plead that this is not their fault. These are the rules of the game, and they must acquiesce.

WAGES

A frequently seen example helps illustrate this point. Chrysler South Africa is a company proud of its labor record and its "liberal" stand in the South African situation. Chrysler officials quietly disclose that they really ignore the Job Reservation Act and allow Africans or Coloreds to take white reserved jobs under a slightly different name (although they do not pay them the white wage rate). These officials, as most men interviewed, had high praise for their workers, citing quality, speed and efficiency of production as well as low employee turnover as signs of a healthy, productive factory. In the Elsie River plant near Capetown the Plant Managing Director stated that the Chrysler product was easily equal to their product manufactured

in their plants in Turkey and Italy. Quality, efficiency, the dedication of workers were easily comparable. Chrysler was proud of their product and work staff. However, when asked if the Cape Colored workers in the factory were paid the rate for the job (equal pay for equal work), he candidly confessed that the market laws of supply and demand differed for whites, coloreds, and Africans. He could pay a Colored man less than a White and still be competitive in the market. Therefore, Africans and Coloreds are paid what Chrysler or other American companies can get away with and still keep him as a worker. It seemed immaterial that starting workers were paid wages below the poverty datum line (breadline) or that maximum ceilings for whites and non-whites favored whites, or that skilled and respected long-term colored workers were paid \$135 a month--scarcely \$60 above the breadline for an average family. (See Appendix 4 Chrysler and Coloured Union Organizing in the Cape)

Workers were not paid with consideration given to their worth or their needs (to stay alive). They were paid within the customary norms set by the South African business community. It is interesting to note, for instance, that Union Acceptances Limited, a Johannesburg based firm which produces a handbook of comparative wages and benefits of employees for the use of corporations who desire to remain competitive has just recently included four pages out of 334 pages on non-white workers. Until this time comparative statistics on wages and benefits for non-whites were not really of interest to employers. Companies just paid what they thought made sense in the context. Enlightened policies in the South African context are hardly enlightened from the point of view of non-white South Africa or international labor.

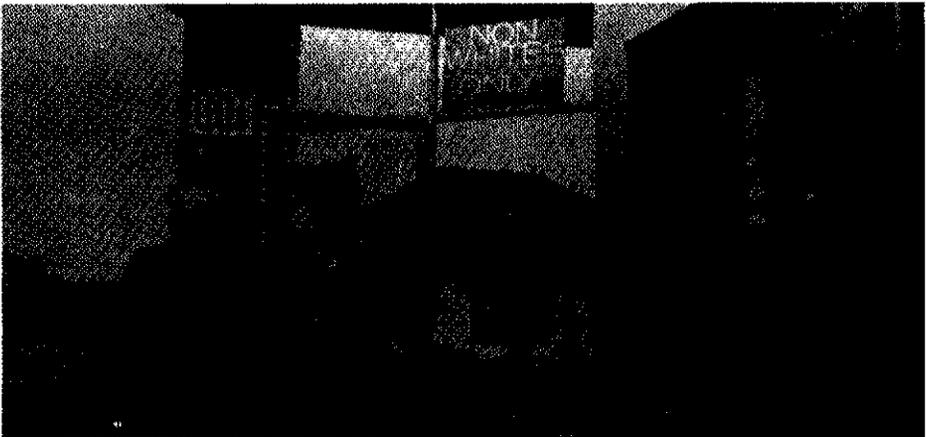
Some comments on average wages paid in the South African situation also help to set the claim of "enlightened wage policies" by American companies

in proper context.

A 1969 study produced by the Isando Industrialists Association (Isando is an industrial area outside Johannesburg containing numerous American companies) contained the following data to be used as guidelines for competitive wages. Replies were received from 67 members representing a 44% response. The survey was entitled, "Bantu Wage Structure Survey."

<u>TYPE OF EMPLOYMENT</u>	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>
Motor Vehicle Drivers	R36-00	R10-40	R21-50
Operatives and Semi-skilled	R36-45	R 8-50	R15-90
Labourers - Heavy Duty	R18-79	R 6-30	R11-52
- Light Duty	R22-00	R 6-30	R11-45
Messengers	R25-00	R 7-05	R13-22
Clerks	R29-54	R11-00	R17-58
Night Watchman	R17-70	R 9-80	R13-90
Cooks	R16-62	R11-28	R13-95
Boys Boys	R22-50	R22-50	R22-50
Packers	R17-00	R17-00	R17-00

(1R = \$1.40)



CHRYSLER EXIT IN ELSIES RIVER PLANT
SOUTH AFRICA

* The Survey also noted two monthly cost items for Africans: 1.) "Average Payments by Bantu for Accomodation and Travelling" R4-50 a month for married, R2.60 a month for single; 2.) Travelling per week R .60 per week from Tembisa, R.2.00 a week from Soweto. It also showed whether feeding schemes such as free lunches or tea were provided for workers. Nineteen of 67 respondees had feeding schemes, ten of these free, nine contributory.

Several points can be made from this Survey. 1.) In South Africa even provision of a feeding scheme or medical assistance program is rare; and, therefore, a company like GM might consider itself "liberal" since it provides such a service. It undoubtedly is "liberal" in this context, however that context is incredibly paternalistic, inadequate, and far from even the climate in the U.S.A. A "liberal" company in South Africa could easily be classed as exploitative and unjust by international standards. 2.) As seen in the survey, six out of the ten jobs listed provide wages on or below the poverty datum line (breadline) established by the Dept. of Non-European Affairs Dept. of Johannesburg of 60R. a month for a family of five. A normative competitive and respectable wage in South Africa may be a starvation wage for an African. A "liberal" company in that context may well pay slightly, or considerably, above that average; but it is far from what the worker needs or what his labor is worth and far from what would be considered a respectable wage, a rate for the job in international terms.

Much more to the root of the question is the nature of international capitalism. Experience in America as one watched the struggle and birth of unions should have taught us that ^{the} American corporation did not provide decent wages and benefits without considerable pressure from workers. Under South African law Africans, Asians, and Coloreds are prohibited from forming effective powerful unions. There is no pressure upon these companies from within South Africa to prohibit exploitation of labor, etc., except the

market itself. For example, as skilled industrial labor becomes scarcer, competitive worker benefits, eg pensions, are provided to insure that workers would not be lured to another plant. What sense of "decency" and "fairness" is exhibited by these corporate officials is also imbued with a deep paternalism, a sureness that Company A "knows what is best for its Bantu workers."

The claim of American subsidiaries that they have "enlightened" wage scales and labor relations is considerably dampened when one asks, "More enlightened than what!"

EXEMPTIONS: A FACTOR IN TOEING THE LINE

Another extremely important factor limits the "liberalism" of a foreign corporation in South Africa. Because of the numerous and complex labor legislation in South Africa, companies are often forced to seek exemption from government legislation. Exemptions are needed to allow a "non-white" in a white reserved job, to change the quota of white to "non-white" workers, to increase the number of African workers in a plant in certain areas, etc. If a company desires to be the recipient of such exemptions, it is obvious that it must not be on a bad footing with the government.

On several occasions the example of a government boycott of Ford products was raised to make the point that a company should not cross the government. In 1966 Ford was about to sell a quantity of four-wheel-drive vehicles to the South African government from Canada when the Canadian government stepped in and declared the sale illegal under the U.N. arms boycott of South Africa. Ford South Africa faced two years of a South African government boycott of their products in response, an act which hurt them considerably and brought Henry Ford to South Africa to "make peace" with the government. The lesson was obvious. Good relations with the South African government are essential for a foreign company to do good business in South Africa. Of course anything

which the government might consider a "political" act by a company would jeopardize that relationship. In this context it would be absurd in the mind of these companies to consider speaking out publicly against government policy. "Good corporate citizenship" in South Africa prevents any drastic diversion from government policy or accepted norms.

Among those interviewed and from correspondence with additional companies, it seems that even the companies who seriously complained about the restrictive effects of the government's economic policy described their relationship with the South Africa government with terms like "excellent," "amiable," "good working relationship at all levels," "honest," "direct," "the government has always treated us fairly," "mutual respect." It seems clear that one of the costs of doing business in South Africa is the establishment of a friendly working relationship with the government. That close relationship, functioning as it must on amiable terms, exposes the corporation and its officers to the government point of view. Thus, it often becomes both psychologically and financially beneficial for the company to listen acceptingly to both government problems and solutions.

Rather than American companies in South Africa acting as the liberalizing leaven in apartheid, it is in their best interests to cooperate with the government and against their best interests to act out a moral stand by opposing government racial policies. Private complaint or a public stance against government policies risks the profits which initially drew the corporation to South Africa. True, some American businesses have joined some of the more verligte (enlightened) Afrikaaner and English businesses in pushing against restrictive labor legislation, but they are certainly no more vociferous than their South African counterparts and generally tend to accept the context of opposition set up by their South African business colleagues. The context of

opposition will be dealt with later in the paper, but it would be an understatement to state that South African business firmly endorses white control in South Africa and is only willing to open employment opportunities for "non-whites" in order to keep industry rolling smoothly. In no way would they consider sharing power with Asians, Africans, or Coloreds. American business follows this model and acts accordingly.

RELEVANT LAWS AND CUSTOMS

Since these corporations are committed to working within the laws and customs of South Africa, it is necessary to look at some of these laws and customs.

The South African government is terribly concerned about the increase of black population in the cities. One response to this movement of African labour into "white" industry and "white" cities is the border industry policy, which seeks to divert industrial development to the borders of the African Reserves. The Reserves function as reservoirs of cheap labour within easy access of industry rather than to become the economically developed regions pictured in apartheid ideology. Through such measures as the Physical Planning and Utilisation of Resources Act of 1967 the government is encouraging the establishment of new industries and the relocation of urban industries in these border areas. Among the incentives offered by the government to companies to move into these areas has been the authorization of African wage rates lower than those in the cities. Government Wage Determinations for industries in these areas have tended to recommend wages lower than elsewhere, and often lower than those actually being paid in them at the time. Between 1960 and 1968 over \$360 million had been invested in these border industries, creating employment by 1969 for about 109,000 Africans and 35,000 others. While at the moment this is only marginal significance relative to the size

and importance of urban industry, it must be contrasted with the almost total neglect of industrial development in the Reserves, where between 1960 and 1966 only thirty-five new industries were established, employing 945 Africans.

The Physical Planning Act and its accompanying incentives are clearly part of a racially motivated political strategy to keep as many Africans as possible away from the "white cities." Companies such as Firestone and International Harvester, by expanding into these border areas, support government policy in a very important way. This is often a factor of political sympathy by corporation executives. For instance, International Harvester's Managing Director stated, "This Bantustan thing--I agree with it 100%. It is economically and politically sound. I am sympathetic to what the South African government is trying to do. I don't want hundreds of Africans running around in front of my house." However, whether openly sympathetic or not, such a move has obvious political implications undercutting the claim of many American corporations that they are "apolitical."

The plan to create "border areas" is part of an overall design to remove "inessential" Africans from all white areas. The removal of these inessential Africans has taken two basic forms: the removal of whole African settlements from rural areas designated as "white," and the removal of individual Africans by "endorsing them out" under various movement controls. Up to the beginning of 1968, 193 African communities - a total of 73,000 people - had been removed from their rural settlements, and 276 more were scheduled for removal. Each year thousands of Africans are endorsed out of the urban areas to the Reserves. The government has made it clear that it intends to expel economically inactive Africans from the white areas.

The migrant and rightless status of Africans working in the "white" areas is secured by a complex system of labour and movement controls which severely restricts the rights of these Africans. The government has been extending

the migrant status of these workers, notably by the Bantu Laws Amendment Act of 1964, the Bantu Labour Act of 1964, and the Bantu Labour Regulations of 1965 and 1968. Under these Regulations, no African may leave the Reserves unless he has obtained a contract of employment through a government labour bureau, and no such contract may be valid for more than a year, though it may be renewed. In addition, a man's family may not automatically travel with him. Through these labour bureaux, the government wields very wide powers over African workers. The rights of Africans to stay in "white" areas because of certain qualifications such as birth, long residence or continuous employment in them, have been whittled away. Commenting on the 1968 Regulations, a government minister declared that through them "we now give judicial recognisance of our expressed policy of building our economy on contract labour."

The whites want the continued use of African labour without the continued residential presence of African people in the "white" areas. Thus, non-essential Africans are removed, while essential African workers are shuttled about, deprived of rights in the places where they live and work, and without jobs in the "homelands" where they are told to exercise their rights. Through this migrant labour system the whites secure their supposedly contradictory goals of prosperity and white supremacy and racial separation, at the expense of the Africans, on whom it inflicts permanent instability, the destruction of family life, and other serious disabilities. While U.S. firms may find some of this impractical, there is no chorus of raised voices in protest.

The job colour bar is extensively prescribed in legislation, and up to 1968, twenty-four job reservation determinations had been made under the Industrial Conciliation Act, which gives the government wide powers to make such discrimination. The job colour bar is also secured by various other means. But these determinations affected only about three per cent of the labour force,

and up to June 1967, out of 891 applications from employers for exemptions, only 74 were refused.

In fact, many American corporations interviewed either did not directly face a legal form of job reservation or had been granted wide exemptions from certain parts of the law, such as hiring an extra "quota" of Africans or allowing vacated "white jobs" to be taken by "non-whites."

However, lack of legal restrictions did not make them automatically progressive companies. What was not prescribed by law was an equally stringent custom. Many American employers explained that while it may be legally possible it would be disastrous in terms of white employee reactions to bring a "non-white" into a "white" job or allow a "non-white" to be in a supervisory position over whites. Custom and deference to the feelings of white employees often takes on the character of a law and would be just as unthinkable to transgress. U.S. firms were, in general, properly respectful of these white customs and feelings.

ECONOMICS AND SOCIAL CHANGE

We move to the contention of some American businessmen that apartheid is breaking down since it is economically unrealistic, and that economic forces will push South Africa to a more realistic economic and racial policy, improving the lot of non-whites.

LIFE IS "BETTER" FOR NON-WHITE SOUTH AFRICANS

We have pointed out that almost no American or South African businessmen have contacts outside the white group in South Africa, a fact that greatly colors their perceptions of the reality of non-white life. We have also indicated that these men speak with assumed authority when they discuss the needs and aspirations of non-white South Africans. These are the same men

who state that things have substantially improved for Africans, Asians, and Cape Coloreds and point to their rising standard of living as proof that things are not as bad in South Africa as many are led to believe.

Within the ranks of these American business managers the theory that industrialisation and economic growth will substantially better the position of the non-white community and may work to undercut the overall policy of "separate development" also has considerable currency. It is important, therefore, to try to put this theory in perspective and especially to define what they mean when they talk about the undermining of apartheid.

As a start let us analyze the argument that "non-white South Africa has never had it so good," since the standard of living for Africans, Asians, and Coloureds has been rising as a result of the economic boom.

One must seriously ask whether the overall quality of life for Africans, Asians and Cape Coloreds in South Africa has actually improved to the degree that many American business representatives contend.

Dr. Francis Wilson, a Capetown economist and editor of South African Outlook, helps put the picture of a rising income and standard of living for blacks in a realistic context in a May, 1970, Outlook article. He writes,

It is true that in the manufacturing sector (which in 1967 employed 530,000 Africans) the annual cash income of the average black worker between 1936 and 1964 rose from R84 to R410: an increase, in real terms of 90%. But the situation in other sectors of the economy is very different

In the gold mines (which today employ some 350,000 Africans) the annual cash wage in 1968 was, in real terms, no higher and possibly even lower than it was in 1911. The cash earnings of the average white man on the mines in 1948 were twelve times as much as the cash earnings of the average black worker: by 1968 they were twenty times larger.

As regards white farms (where approximately one-third of black South Africans live) we have little information. But such as there is suggests that farm labourers in both the Orange Free State and the eastern Cape grew poorer during the first three decades of the century. However, between 1932 and 1958 real cash earnings (excluding any changes in wages in kind) in the eastern Cape rose by roughly 40%. But farm wages vary enormously from place to place, so that

until we have further information it is impossible to say whether the majority of farm labourers have become richer or poorer over the past fifty years.

In the Bantustans (where another third of black South Africans must keep their families) there is evidence that the people have become poorer over time. In a detailed study of the Ciskei during the 1920s, Dr. James Henderson of Lovedale found that Africans were desperately poor. And their position in 1925 was, he estimated, worse than it had been fifty years earlier. In the Transkei (using the figures of the Native Economic Commission and the Tomlinson Report) we find that between 1930 and 1951 the total value of all produce consumed or sold by the average family of five persons fell, in real terms, by something of the order of 20%. Since 1952 the evidence suggests that the people in the Transkei have not become any better off.

Nor do these figures take account of the increasing thousands of people who are being moved, off white farms and elsewhere, to resettlement villages. Their poverty, if Professor Hobart Houghton's study of landless villagers in the Ciskei is any guide, is acute. In 1961 the median per capita income in the village he investigated was R1.75 a month from all sources, including remittances sent home by migrant workers and the value of vegetables grown for home consumption. And the cost of providing each person with the minimum food required for healthy life was calculated, at the prices then ruling, to be R5.00 a month.

The gap between white and non-white, Dr. Wilson writes, continues to grow and will contribute, as in Latin America, to a more explosive situation.

The picture of a growing wealth and health among Africans is further deflated by the comments of Sir de Villiers Graff, the leader of the Parliamentary opposition. Hardly a proponent of African rights, he still argued in a House debate in February, 1969, that the Standard of living of the African people in the reserves had remained static or fallen over the last fifteen years. The Tomlinson Commission had estimated in the mid-fifties that the per capita income in the reserves was \$67, and of this \$36 was earned in the reserves. The remainder was obtained from people working outside the reserves. Present figures indicate a per capital income

of \$74 of which \$31 was earned in the reserves. Taking the value of money into account, the standard of living of the people has fallen, he said.

One must conclude that at the very least it is a contentious point when American business blithely tells us that Africans in South Africa are much better off than they have been before. In addition, that comment totally ignores the mounting piles of repressive legislation, the forced breakup of African family life, increasing number of removals of African families to government areas, the continued endorsing out of thousands of Africans who are told they have no right to live in the "white cities" -- all vital factors affecting the quality of life of Africans. At the same time, Cape Coloreds are being driven from their Capetown homes to live in government housing outside the city and also have lost the right to vote for representatives in the "white governments," a further loss of political power. Even where the standard of living had increased, the overall quality of life, the sense of worth, well being and progress, while it may have improved in government eyes, has not done so from the perspective of non-privileged, non-white South Africa. Here again the picture painted from aloof American business sources bears much more similarity to the illusions propogated by the government than to African, Asian, or Colored reality.

BYPRODUCTS OF ECONOMIC GROWTH

At present economic growth in South Africa has produced a severe man-power shortage, especially among skilled workers. For instance, there was a 19% shortage of unskilled labor and a 24% shortage of artisans in May, 1970. Since nearly all skilled jobs are restricted to whites only there is tremendous pressure to train and employ more skilled non-whites in positions vacated by whites. Newspaper editorials and articles are constantly hammering

the government on this point, claiming that economic health and the growth rate of the country is being badly hampered by its restrictive labor policies. (See Appendix 5, Editorial in Sunday Times June 28, 1970) South Africa's growth rate has sunk from 7.5% to 5% and is expected to be 3.5% in 1971. Large numbers of influential business voices argue that this artificial meddling with the economy must stop. Progressives like Harry Oppenheimer have called it "economic suicide" and more conservative men like Jan Marais of the Trust Bank have also challenged the government.

A Rand Daily Mail news article August 11, 1969, put it this way,

Leaders of the motor industry yesterday joined the growing clamour against the industrial colour bar, and warned that the motor trade alone would be short of as many as 58,000 artisans only twenty years from now. The president of the S.A. Motor Industry Employers' Association, Mr. E.J. Keevil, said employers were being prevented by fear, frustration, and ignorance from employing non-whites in higher skilled jobs. 'Fear of what the government might do if we train our Black, Indian, and Coloured workers to do semi-skilled jobs which hitherto white workers had done but for which insufficient white labour is now available.' There was frustration, too, in the drive to develop export markets because the artificial labour shortage was forcing basic wages increasingly higher, thus increasing the cost of manufactured products and pricing them out of the export market.

A flu epidemic that left the railways floundering because of a shortage of workers further underlined the problem that political ideology applied to economics can sometimes cause. Seventy goods trains a day were cancelled in June, 1970, and 13,645 cancelled during 8 months before June 30 because there were not enough men. One in jobs on the railways was being left undone. The railways have since oyed enough non-whites to prevent stoppages under the assurance that there was "no threat to white worker security." A survey from the Stellenbosch University's Bureau for Economic Research, far from a frequent critic of government policy, (in

July, 1970) turned out a gloomy report on the future of the nation's economy. The Survey identifies the major bottleneck in the economy as the shortage of labor, while the government's labor policy and the Physical Planning Act are considered serious deterrents to expansion. The English press in South Africa used this as further proof for their case, oftentimes contending that it was grossly unfair to underdevelop the African working population as is done. The recent national election results are used as an indicator that the white voter is more pragmatic and willing to accept economic changes that are not totally ideologically "kosher."

Stephen Mulholland, a columnist for the Johannesburg Sunday Times, emphasized the sensibleness of the use of more skilled non-whites in a July, 1970 column. "I believe it is reasonable to expect that economic and everyday needs of the ordinary people will in the end triumph over the ideological insanity which today threatens our economy," he wrote. The Financial Mail, a South African Journal, notes, "Either apartheid gives a bit or the growth rate does."

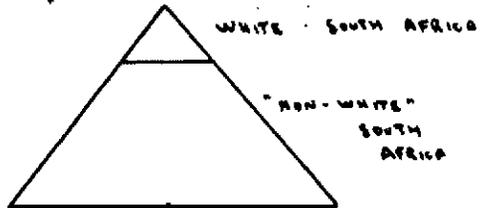
In general, these arguments come across as sensible, sound, pragmatic, and reasonable. The American businessman may hope that they convince the government so that the growth rates can continue and the restrictions placed on the use of Africans in more skilled jobs can be removed. In this instance both American and South African business are to the left of the government.

It is this same rationale which stimulates the optimistic American businessman, who believes that economic sanity and reasonableness must prevail, to tell us that apartheid must break down under the weight of economic forces insuring a bright future for Africans -- a better job, more pay, more respect for his needed skills, integration rather than segregation. This claim will be made more and more frequently as inquisitive stockholders ask companies for an explanation and perhaps moral justification of their

operations in South Africa. It is an interesting footnote that at present very few of those businessmen interviewed propounded this theory in detail. It may increasingly gain popularity as a rationalisation for business presence in South Africa; but it is certainly not the heartfelt hope, the well thought out strategy of U.S. business at present. Its superficially convincing nature, contending as it does that the American corporation is on the side of the angels, makes it deserving of a meaningful and full response, for indeed this theory is both deceptive and misleading. Interestingly, many American businessmen interviewed felt that the contention was ridiculous. They argued that economic forces would not destroy separate development and create an integrated society but would only prevent it from reaching its purest ideological end of total separation of the races while retaining most of its vital characteristics.

Perhaps it would be best to try to portray the fallacy in diagrammatic form and then move into more detail.

South Africa may be pictured as a pyramid with the white ruling class in firm control at the top, making the rules of the game not only for themselves



but for the "non-white" underclass as well. Any concessions made by the whites in power, even when motivated by pity, are made with the interests of that white group clearly and primarily in mind. Even the most optimistic of analysts of South Africa would not hide the fact that South Africa's clear goal is to protect white interests. Numerous quotations by government officials bear this out, among them a 1956 quote of the present Prime Minister Vorster which is still on target: "We know one person only to whom we owe an explanation and that is the white worker in South Africa who has brought the Nationalist Party to the position it occupies today

and will keep it in that position in the future." White interests, including those of the white worker, are still the order of the day, and this should be kept in mind whenever we hear talk about changes in South Africa today.

To be specific, the dominant white ruling group on the top of the pyramid may be willing to make certain concessions to make the economic system run more smoothly or to insure that white living standards are not jeopardized in any way. They may be willing to allow additional non-whites to take formerly white skilled jobs or to allow more non-whites in urban areas. However, one thing should be clear through a close scrutiny of the statements of even the most liberal industrialists. Their desires are precise. They do not ask for an abolition of apartheid nor even the abrogation of the industrial color bar, but merely for the relaxation of some restrictions which would enable them to fit non-whites into jobs where whites are no longer available. The underclass would be allowed to move a small number of "representatives" up the pyramid, but the essential pyramidal power relationship, who makes the rules, would not have shifted one inch.

If our goal is to alter that power relationship so that political power is shared, the goal of all the Colored, African, and Asian political parties before they were banned, then the integration of a number of skilled Africans into the lower echelons of the white economy is hardly a cause for celebration. The political power remains firmly rooted in the hands of a government responsive only to a white constituency. The result is simply a nation of alightly better fed and clothed political and economic serfs.

If one lesson of the black power movement in America should be clear to us, it is the demand for a re-allotment of both economic and political power as a pre-requisite of serious social change. However, it is exactly

this re-alignment which is not being suggested when American and South African industrialists talk of integrating more skilled non-whites into the white economy. They do not agitate for equality of opportunity either in the trades or professions or in the acquisition of skills. They do not speak out forcefully on the whole question of the contract labor system with its many injustices. The orientation is not toward a better lot for non-whites but consolidating the lot of whites.

A paragraph in "The Black Paper", a report prepared as an alternative foreign policy choice for the Canadian government succinctly stated:

It would be wrong, however, to conclude that these economic factors will undermine apartheid. The economic growth that the regime seeks to promote is that growth which will bring maximum wealth to the white minority. A national rate of growth that is greater but would undermine the economic privileges and social and political supremacy of the whites does not appeal to the white minority. Apartheid is essential to the pattern of life, the power, and the disproportionately high standard of living of the whites as a community.



**ALL SUPERVISORY WORK IN YONK SOUTH AFRICA
MUST BE DONE BY WHITES.
"NON WHITE" WORKERS CANNOT MOVE PAST
CERTAIN JOB LEVELS.**

By pressing for certain limited economic reforms but not for deep-rooted change liberal industrialists will be able to achieve a number of economic objectives:

- greater productivity than is possible with white workers;
- overcome the problem of not having a regular supply of cheap labour;
- produce at lower unit costs because of paying lower wages to non-whites for doing the same jobs, thus increasing their profits;
- be able to compete in the export market, especially in the rest of Africa, and so hope to increase their political stranglehold on areas in that continent;
- at the same time maintain the artificially high standards of living of the white community;
- put on a face to the rest of the world that their intentions are honorable.

The point is this. While white government concessions may allow non-whites into more skilled jobs and admit that Africans are a necessity in the urban areas, perhaps even removing a few of the more denigrating symbols of apartheid, power will still be firmly entrenched in white hands. True, the official ideology, the grand design of assigning all Africans to a homeland to be allowed in the cities only as migratory laborers, may have been modified, but the underlying theme of white control, white supremacy if you will, has remained untouched. In fact the theme of white control is the parent of apartheid, allowing parts of the latter to be reshaped without touching the former.

Perhaps some more detailed data will help make this presentation strike closer to home.

African labor underpins the whole South African economy, with Africans providing about 70% of the country's economically active population and with the majority of them engaged in essential labor for the whole white population.

Earlier some of the laws which determine the lives of these African workers

were reviewed. In addition it must be noted that the denial of trade union rights to African workers has been key to apartheid both in principle and in practice. Almost without exception representatives of American businesses interviewed opposed the concept of trade unions for Africans. Statements such as "African unions would be meaningless in this situation since we provide for their needs"; "the union situation here is entirely different than the U.S.A."; "Africans don't understand democratic methods such as unions" were often heard. Even though work associations for Africans (informal and powerless caucuses to allow Africans to express grievances) are legal, very few employers felt there was any need for them. In this case American subsidiaries were identical with South African business. While some may have attacked job and geographical color bars, there has been not outcry against trade union and wage color bars. While the more liberal wish the removal of artificial labor restrictions that inhibit their growth and profit, none are speaking out on behalf of Africans' right to organize. In fact there are instances in which American subsidiaries have been openly hostile to the establishment of unions for Coloreds in their shops, (Union organizing among Coloreds is legal,) the Chrysler subsidiary being a clear example. (see Appendix 4) Of course if there were powerful African unions with the right and power to strike, they could force higher wages, limit profits and serve as a basis for political action. Although labor organizing is in the best interests of the African, it would threaten corporate control. It is significant that in this important area of labor discrimination the liberal industrialists, including some U. S. businesses, and the South African government are not at all in conflict. This area of apartheid has not been undercut in the least by industrialization.

There is more evidence that indicates that economic development has not at all been undermining the core structure of white supremacy. Several important

questions come to mind: What is the nature of economic relationships between whites and non-whites"? Has the essential structure of this relationship been significantly undermined by recent economic development? What access do Africans have to the means of economic power, and what is their share in the distribution of wealth?

Let us attack the last question first. We have partially indicated that African access to economic power is greatly limited by the impossibility of African labor organizing and that American companies sit comfortably under that restriction. African trade unions are excluded from legal recognition under the Industrial Conciliation Act, and strikes by African workers are illegal under the Bantu Labour (Settlements of Disputes) Act. Under this last Act, the interests of African workers are supposed to be represented by government officials. Laws such as the General Laws Amendment Act and the Suppression of Communism Act also stop possibilities for African labor organizing or striking, defining sabotage for instance in sweeping terms. African trade unions therefore are left as powerless shells with tremendous problems in even attracting members.

Educational discrimination also restricts African access to economic power. Despite South African government claims that African enrollment in schools is mushrooming, the miniscule funds spent on their education and the concentration of pupils in the lowest classes undercuts their claim. A book could be written on the specifics of this area.

Not only is the racial distribution of income in South Africa drastically unequal (African income is 8% that of whites, R 7 per month compared to R 95 per month, according to a Financial Mail April 1969 article reporting on research by Market Research Africa, and in manufacturing a white earns in a day what an African earns in a week.) but the gap between African and white income has increased during the last decade of economic boom.

For instance the Financial Mail, September 6, 1968, indicated that white earnings in the manufacturing industry rose from 440% to 485% those of non-whites from 1962-67. True, South Africa has experienced an economic boom and true Africans, Asians and Coloreds in South Africa are partial recipients of the rising standard of living resulting from that boom. However, the economic dribble down effect is a far cry from a just economic order in South Africa. To use a somewhat extreme example would be to cite that American slaves also benefited from thriving Southern economy, but no one today would use that fact to legitimize a system in which plantation owners became wealthy from exploited black slave labor. It is equally absurd to suggest, as U.S. business representatives do, that Africans, Asians and Coloreds are much better off today than ten years ago without analysing the overall system that allows a modicum of wealth to sift into non-white hands or pointing out that the gap in earning power between whites and non-whites has widened. Inflation in South Africa further cuts the real buying power of non-whites.

Responsibility for wage rates and ranges does not lie solely with the government. The white employer, American subsidiaries included, play a key role in determining wages. The government sets a minimum wage pattern for each industry; however no maximum wages are set. In fact except for the John Deere subsidiary none of the companies interviewed used government minimum wages, even for starting salaries, declaring that they were neither competitive nor adequate wages. The market tended to set its own levels which were several rand a week higher than government levels. As indicated by the Isando Industrialists study this market level was still often below the breadline and by no stretch of the imagination could be considered a reasonable compensatory wage. American industrialists either follow this pattern or pay slightly higher but still inadequate wages. For example John Deere admitted that its starting wage for Africans was the government's minimum wage of \$17 a week. Chrysler's average wage for Africans in its Pretoria plant was \$81 a month (right

on the poverty datum line) and GM's average African wage, by their own estimation, was 40% above the breadline, hardly a progressive wage policy.

Here, then, is another case of the "liberal industrialist" supporting a racial and economic norm instead of challenging it. The proposed case that industrialization will cause significant social changes or that the liberal industrialist is operating with African interests at heart in South Africa seems to sit on shaky ground. In a key period of economic growth the possibility of corporations in South Africa substantially raising wages and taking a slight loss in profit has not happened.

Although no government regulations restrict paying higher wages, American corporations, understandably from their point of view, feel that they cannot radically diverge from the average wages in the industry. They know that substantial unilateral increases would bring official disfavour, and, since they are industrial guests in South Africa, it would not be in line with their "good citizen" policy and their desire to have amiable, unblemished relationships with the government to be industrial innovators in this sensitive area.

From an ethical standpoint one must obviously place a heavy portion of responsibility on the shoulders of American business, for although it is natural to cooperate with the government and the white trade unions, it is done at the cost of exploiting African, Asian, and Colored labor. This source of relatively cheap labor and near breadline starting wages has continued while profits have increased enormously, eg by 1967 two hundred South African companies had increased their net profits \$100 million in four years.

STRUCTURE OF RACIAL RELATIONSHIPS

What is the nature of the economic relationship between whites and non-whites? Has the essential structure of this relationship been significantly undermined by recent economic development? The answer to these questions is perfectly clear. The nature of economic relationships between whites and non-whites remains as it has for decades, essentially a master servant relationship. It is instructive to note that among U.S. businesses interviewed, those who fell under the Job Reservations Act were interested in filling vacant white jobs with trained, skilled non-whites but were neither interested nor had a vision of the day in which whites were supervised by non-whites. Those not affected by the Job Reservations Act stated it would cause incredible personnel problems if whites were ever supervised by non-whites and that from their point of view trying to break through this iron clad custom would be seen as politically motivated and would cause severe repercussions. If a subsidiary dealt with a white union, eg GM, tremendous dissension would arise at the mere suggestion of the erosion of white job privilege. In short, the nature of the economic relationship between the races is one of white preference, privilege and control in the labor field. Although white unions are willing to have a job "go coloured" if there is no white to fill a slot, they are adamant about whites retaining preference for any job and strongly against any competition between white and non-white for jobs. This, of course, means that educated and trained Africans still are assigned menial jobs with little chance for promotion. It is not uncommon to see Africans with university degrees working as salesmen, making substantially less than their white counterparts. For instance, Chrysler has employed an African with a B.A. in Personnel Relations to help supervise the

the hiring and testing of African job applicants. His wage is considerably less than a white university graduate's wage would be.

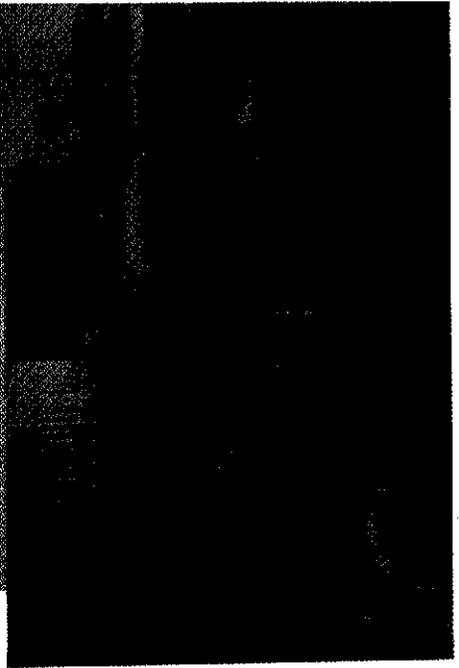
The leader of the opposition United Party, although pressing for greater use of non-white labor, stated before the National Election:

Job reservation has two aspects. One aspect is what is known as the conventional colour bar in South Africa and this in practice amounts to a tacit agreement and sometimes an expressed agreement between employers and employees that certain spheres of work will be reserved for White workers. That is the South African convention and that is one which we do not propose to abolish. We will take measures to protect any group of workers against any transgression of this convention.

The United Party is well aware that its constituency is white; and, therefore, protection of white jobs and white supervision must be part of their platform and is unlikely to change. It is inconceivable that the United Party would ever propose changing the structure of the economic pyramid of South Africa; white supremacy will naturally continue to be a U.P. plank even while advocating a loosening of labor restrictions to strengthen the economy.

The United Party example should be a clear indicator of future economic relationships between races in South Africa even in an economically "liberalized" situation. The evidence bears out the conclusion that economic development has not undermined that basic relationship of white control and superiority and is not likely to as economic growth continues. Access by Africans to the essential means of economic power remains restricted, the distribution of income is extremely unequal, and government control of African labor has been growing rather than diminishing. There is no basic contradiction between South Africa's expanding industrial economy and white domination of the economy and society. Over the past twenty years of growth there has been a steady political move to the right in South Africa. In fact, the white economic and political supremacy of South Africa is being reinforced

by a strengthened and expanding economy. There may be some modifications in the system as it acts itself out, but white superiority remains the basic and constant underlying theme. The pyramidal structure remains untouched both socially and economically.



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FROM A CHANGE OF INDUSTRIES JOURNAL
1970 C1.D05/1

CHARITABLE CONTRIBUTIONS

Charitable contributions made by American subsidiaries also tell us something about how they think and act. Many companies gave to African, Asian or Colored educational enterprises as well as white universities. Often here we were reminded that the subsidiary was not political and therefore could not give to political or controversial projects.

One of the fascinating and revealing offshoots of this question is the often found support for the South African Foundation.

One of the more sophisticated international information dispersal and lobbying units for a pro-apartheid position is the South African Foundation. In many ways the Foundation does a propoganda job that pre-empts the need for American corporations to campaign more actively on South Africa's behalf. By its own admission it is heavily subsidized by American corporations in South Africa who subscribe on a pro-rated basis according to size. Of those companies interviewed, a sizeable number were members of the Foundation. Several executives stated that South Africa had the world's worst public relations department, that a skilled public relations effort could help South Africa considerably and that the South African Foundation was fulfilling that task in an admirable way (of course, the frightening underlying assumption here is that South Africa's problem is nothing that any good public relations job could not help cure). The Foundation was started in the early sixties to "promote international understanding of South Africa," and in its first year tried to help "stem the tide of ignorance, criticism, and misrepresentation against the Republic" (South Africa Foundation - 10th Annual Report).

Begun as an attempt to generally influence mass media and do "public relations on South Africa's behalf," it changed its approach to influence

high-level opinion makers. In the words of the Foundation, "Visitors are chosen for their influence on official and public opinion." In a liberal moment the Foundation writes, "They are not expected to make favourable statements about South Africa on their return, unless they voluntarily choose to do so." The sentence closes cryptically "which most, in fact, do."

In 1963 the Foundation established a part-time representative in Paris, turning into a permanent office in 1966 and in 1968 a permanent Foundation representative was appointed in New York. The American representative was active in opposing the Kennedy amendment to take away South Africa's sugar quota.

Charles Engelhard was one of its 25 original founders, and today a "Man to Man" committee composed of leaders of the American community in South Africa assists it in its task. Among the participants of that Committee is Mr. Logan Emlatt, Managing Director of Union Carbide Southern Africa and a personal opponent of majority rule.

Although the tenth Annual Report attempts to explain that the Foundation does not engage in "propaganda" but "communication," it proposes that one of the objects of encouraging visits by opinion makers is to study at first hand "the strategic, political, and economic importance of South Africa for the non-Communist world." This theme is a favourite of Major General Sir Francis de Guingard, the President of the Foundation, and is one of the basic rationales for the appeal for Western friendship and renewed arms sales to South Africa. The Foundation's President had a chance to meet with President Nixon and Dr. Henry Kissinger at a time, in their words, "when the Administration was re-evaluating the U.S. policy towards South Africa, and the occasion was taken to bring to the President's notice some points which have received too little attention in the past." "It

would be hard," the report goes on, "to overestimate the importance to South Africa of this discussion."

A further example of the politics of the Foundation! L. B. Gerber, the Director of the Foundation, urbane and friendly, a perfectly appealing host to guests who wished to "learn the truth about South Africa," explained that there is no middle ground between separate development and integration in South Africa and, therefore, South Africa must pursue separate development (read apartheid or white superiority) even with its faults. Integration, Mr. Gerber continued, has never worked in the world. Majority rule would bring chaos to South Africa, he said.

In a statement typical of white "authorities" on African needs, Mr. Gerber felt that Africans were materially well off and that the prime concern of "people at that state of civilization is food, clothes, and housing." Mr. Gerber's desire for white supremacy was couched in rationally appealing terms and put forth as a concerned gentleman. His approach has and obviously does appeal to the minds of the Foundation's white visitors. The stark reality behind it, however, is that the Foundation's top bureaucrat is an unabashed apologist for apartheid, a believer in white supremacy.

Their Tenth Annual Report and others make fascinating reading as one studies the actions of the Right in influencing world opinion and foreign policy towards South Africa.

One could evaluate the South Africa Foundation for pages. The key point is this. The American corporation states that it is an "spolitical" creature in South Africa merely following, in the words of the Caltex Principles, the "laws and customs of the country." Within South Africa it would be considered a normal and non-political act to be a subscribing member to the South Africa Foundation, an act of "good citizenship" aimed

at creating a pool of goodwill in South Africa for the member corporation. The real fact is that American corporate support for the South Africa Foundation is a blatantly political act assisting a pro-apartheid group in its international operation of building friends and allies for South Africa. This fact is but one of the most obvious which strips away the apolitical facade of the American corporation in South Africa.

Among the list of subscribing members of the Foundation include John Deere, Caterpillar, Mobil Oil, Caltex, International Harvester, Union Carbide, Chrysler, General Motors, and Barlow-Weyerhaeuser.

It is an interesting footnote that many of the companies which were members of the Foundation felt that contributions to the Institute of Race Relations and the Christian Institute, both primarily white but critical of government policy, would be considered "political" acts. There was no differentiation made between supporting the politics of the status quo and the politics of an opposition.

The Foundation's politics also made it a fair indicator of the issues which seriously disturb the white power structure in South Africa. The 10th Annual Report records, "Despite superficial indications to the contrary like demonstrations against Springbok teams, agitation against the new South African Airways service to New York...the real indices of progress in South Africa shown increasing trade, investment, immigration, and tourism, and an ever growing economy." This is reminiscent of the quote contributed by a South African to Henry P. Van Dusen, past President of Union Seminary, when he stated, "So long as U.S. banks and business back us, we can go ahead."

It is obvious that American economic capital and know how are valued much more by those in power as an indicator of U.S. support than protests against South African Airways are considered a threat. This is obviously

why both the Foundation and the Government encourage investment in South Africa. The Foundation, for instance, made contact with 150 businessmen, including the executive officer of 30 companies. It would seem that the Foundation feels the goodwill of American businessmen is an asset to the formulation of opinion and foreign policy in America, and it seems clear that it feels the economic involvement of these men is significant.

BUSINESS INFLUENCE ON AMERICAN FOREIGN POLICY

One badly underrated effect of the attitudes of American corporate officials and the vested interest companies have established there, not to mention the cautious "good citizen" policy they have developed in South Africa, is the effect of business on the formation of American foreign policy toward South Africa. Of those officials interviewed, all expressed opposition to present U.S. policy toward South Africa. The more moderate felt America was too harsh, did not understand the complexity of the South African situation, and pleaded for time and tolerance. The more vociferous critics claimed U.S. policy was "phony," "a sop to negro militants," "this really makes my blood boil," "unfair," "unrealistic," "divorced from reality," "government doesn't understand the racial situation here is different" and pressed for a complete turnabout in U.S. policy and support for South Africa's racial policy.

If one remembers from our analysis of the attitudes of representatives of U.S. business that they ranged from mildly critical mixed with a plea for tolerance to fiercely sympathetic, then we are faced with a number of men on the scene who are feeding material back to their U.S. parent generally interpreting South Africa government policy affirmatively. As the number of requests (or demands) from stockholders, students, and Churchmen about corporate holdings in South Africa increases, U.S. com-

panies of course will naturally turn to their subsidiaries in South Africa for answers. The answers returned will naturally reflect the attitudes and interests of those subsidiaries and may even be written by employees of the subsidiary. A quick tally of responses to detailed questionnaires sent by Princeton University in 1968 and the Council on Economic Priorities in 1970 reveals that very few companies revealed any moral ambiguity about their involvement in South Africa. Most responded in general terms, some with naive comments such as we do not discriminate on racial grounds but promote people with educational qualifications and experience in mind; some contend that international contact and involvement will bring about change in South Africa.

Mobil Oil and Union Carbide representatives pulled out their answers to the Princeton questionnaire in our interviews in South Africa. It was obvious that it was the South Africa subsidiary which was the source of the information presently circulating among the inquisitive in the U.S.A.

The Standard Oil (N.J.) subsidiary Esso Standard South Africa (Pty) Ltd. had just completed a lengthy memorandum about their operation in South Africa for a visit of several parent company officials. This report could easily represent the material produced by numerous other subsidiaries. The memo included a thumbnail sketch of South Africa's history, some comparative statistics with the rest of Africa, an assessment of the present racial situation, a run down of Esso's South Africa operation, and the future economic possibilities for Esso in South Africa. The substance of the report was written by David Knowles, a young white South African, who was head of the economics and planning department. In a short interview, Mr. Knowles stated, 1.) that the overall policy of Separate Development was correct; 2.) the urban "Bantu" was a problem since it is impossible to remove them from the white cities; 3.) South Africa should rid itself of

petty apartheid. Both Mr. Knowles and Mr. Hartman, the Managing Director, were firmly opposed to integration or sharing political power with blacks. The Esso memorandum prepared for the visiting executives stated, 1.) the average wage of all races in South Africa was far above wages in the rest of Africa, (This is like comparing black Americans to Ghanians and saying they are better off) 2.) the races have always been separate in South Africa, for when the whites came to the Cape, Africans were just moving into the North (a highly contentious anthropological and historical argument); 3.) "This economy was built, no question, by the whites" (need one reply to this!); 4.) Soon there will be total literacy among Bantu children. (In fact there is a drastic dropout rate after four years of school and the percentage of Africans who are able to attend secondary school or university to take leadership positions among their people has remained constant.). All these points are contestable and are based upon premises of government ideology.

The point of this recounting of the Esso memorandum is simply to indicate that the data, facts, and impressions put before top level American corporate executives tends to be material based upon and/or sympathetic to South Africa's apartheid mythology. If one does a quick arithmetical accounting of the number of Americans in South Africa, the business community must be seen as both a sizable and influential proportion. The power of such a group with a vested interest in the South African status quo in effecting American policy conservatively cannot be discounted.

Perhaps another example will help make our point. The Chairman of the Board of Goodyear Tyre Co., U.S.A., Mr. Russell de Young, recently visited South Africa. Mr. DeYoung is understandably a conservative person. On his visit he talked to Prime Minister Vorster for nearly an hour. Mr. Vorster spent the time describing what a difficult situation the

Nationalists had "inherited" and how much South Africa "had done for the Bantu." As a result of this conversation, officials in South Africa felt Mr. DeYoung would be moderately pro-South African. At the very least he would contribute to the prevailing milieu of discussion in upper business circles that South Africa may have some problems, but they are theirs to solve and outside pressure should be stopped. Naturally such a milieu excludes the possibility of the legitimacy of violent revolution and could be a strong voice against it in Washington. Considering the interchangeability of U.S. top corporate managers and government, such a milieu of opinion has even more influence and power.

With these observations in mind, we should keep sharp eyes and attuned ears to the answers of American corporate managers about their business presence in South Africa and try to discern what form of presence they do or could maintain in Washington. It seems prophetically clear from these observations that in a time of political crisis or revolution in South or Southern Africa, not only will American business move to stabilize the situation around them but will actively give counsel to listening ears in Washington, armed with a sophisticated version of South African propaganda. The question of U.S. corporate influence on our foreign policy cannot be discounted as we evaluate the role of U.S. corporations in South Africa.

C O N C L U S I O N

This report has not attempted to be the definitive word on the role of U. S. business in South Africa, but to add some new and significant data for our ongoing understanding. The picture is unfortunately not hopeful. The American corporation in South Africa is generally indistinguishable in its business practices from its South African counterpart.

Another report easily twice this size could be written on the detailed ways in which U. S. companies both individually and cumulatively act as supporting props for the system of apartheid. The resource list (Appendix 7) will serve as a pointer to other literature which can explain this relationship in more depth.

Some analysts today, including Polaroid Corporation and the U. S. State Department are pretending that if General Motors and other U. S. companies suddenly became equal opportunity employers in South Africa they would no longer be accomplices in apartheid. Of course such a claim only presents half the story. Would a U. S. company in Nazi Germany providing strength and health to the German economy be freed from all responsibility if it equitably employed Jews on its staff in the German subsidiary? The thought boggles the mind! To the extent that U. S. corporations are agents which support and strengthen the South African economy they are also responsible for the strength of apartheid. A healthy economy strenghtens white control, white imperviousness to economic sanctions, white ability to keep blacks oppressed. As U. S. companies contribute toward that economic strength they become automatic accomplices in perpetuating the racist status quo, a fact which no amount of Polaroid type public relations in the U. S. A. can wipe out.

United States investment in South Africa therefore plays several roles. Its general acquiescence to the laws and customs of white South Africa make it a silent citizen in South Africa, a variation of the "good German". More important are the ways in which individually and cumulatively, U. S. investment assists in strengthening the economy which operates at the direction of and primarily on behalf of the white minority.

A significant contribution to the strength of the South African economy is also a contribution to the strength and future of continued white control and oppression.

If indeed U. S. investment in South Africa assists in maintaining the overall system of white control then the only legitimate demand possible by those wishing to challenge that control is that U.S. companies must withdraw from South Africa.

APPENDIX I

The following is a list of companies in which representatives were interviewed:

JOHN DEERE - South Africa - Mr. Martin Zaunbrecker, Managing Director

INTERNATIONAL HARVESTER CO. - South Africa Pty., Ltd. - Mr. James Hatos
Managing Director

INSURANCE COMPANY OF NORTH AMERICA - Arthur C. Kilburn, Manager

AMERICAN MOTORS - South Africa Pty., Ltd. - Mr. Frank Read

CHRYSLER - Mr. Charles Blakely, Managing Director, Chrysler South Africa
Mr. LeRoux, Labor Relations Officer
Mr. Bickerstein, Public Relations Officer
Mr. C. Bennington - Plant Manager, Elsie R. Plant outside Capetown

FORD MOTOR COMPANY of South Africa Ltd.
Mr. R. J. Scott - Managing Director
Mr. Fred Ferreira - Director Personnel
Mr. Church - Plant manager, Ford engine plant

GENERAL MOTORS
William P. Slocum - Managing Director
Alan de Kock - Director of Personnel and Public Relations
R. J. Ironsides - Plant Manager

BARLOW WEYERHAUSER PACKAGING INVESTMENTS Pty. Ltd.
David Brown - Managing Director

ESSO STANDARD South Africa Ptd., Ltd.
Mr. E. R. Hartman - Managing Director
David Knowles - Head of Economics and Planning Department

CALTEX OIL of South Africa Ltd.
Mr. R. D. Wrigley, Jr., past Managing Director
Mr. W. Marshall Smith, Managing Director

MOBIL OIL SOUTHERN AFRICA (Pty.) Ltd.
Mr. W. F. Beck - Managing Director
William Greenwood - Personnel

ATLANTIC RICHFIELD COMPANY
Mr. Franz Keyzer - Manager

GOODYEAR TIRE AND RUBBER COMPANY
Mr. John Purcell - Managing Director

BARLOW'S TRACTOR DIVISION
Mr. K. C. Comins - Managing Director

HONEYWELL AUTOMATION (Pty.), Ltd.
Mr. Garrett - Managing Director

HONEYWELL COMPUTERS (Pty.), Ltd.
Mr. Malcahy - Managing Director

CATERPILLAR Africa (Pty.), Ltd.
Mr. Alan Leach - Managing Director
Mr. Steve Green - Personnel

INTERNATIONAL COMPUTER LIMITED (British)
Mr. G. Hill

ANGLO-AMERICAN CORPORATION
Mr. Zak de Beer, Assistant to Harry Oppenheimer

Similar questions were explored with the following persons:

Mr. R. Silberhauer - Bantu Wage and Productivity Association
Mr. Gerber - Director of South Africa Foundation

AMERICAN CONSULATE Johannesburg
Mr. Lutkins - Consular General
Mr. Ted McHale - Labor Relations
Mr. Blankenheimer - Commerce

DURBAN
Mr. "Red" Duggan - Consular General Durban
Mr. M. Lee - Director of Chambers of Industry for the Western Cape

REPRESENTATIVES FROM THE FOLLOWING UNIONS:
Engineering Workers Union
National Union of Laundering, Cleaning and Dyeing Workers
National Union of Motor Assembly Workers
Engineering Industrial Workers Union, Natal
Amalgamated Clothing Workers

CANADIAN GOVERNMENT
Mr. G. Orban - Assistant Trade Commissioner, Johannesburg
Mr. C. V. Cole - Political Officer, Capetown
Dr. H. Ringrose - National Industrial Council on Motor Industry
Mr. H. Hastings - Chairman of American-South African Committee of
the South Africa Foundation (businessmen)
Adam Small - Professor, colored poet
Francis Wilson - Economist, writer
Fred Van Wyk - Institute of Race Relations News
Father Cosmos Desmond - Author
Alan Mountain - South Africa Foreign Trade Association
Tony Heard - Assistant Editor Cape Times
Peter Randall - Study Project on Christianity in Apartheid Society

APPENDIX IITOPICS DISCUSSED IN INTERVIEWS

The following are a series of issues which were usually touched on in interviews. Our style was one of conversation rather than TV interviewing. Therefore, many of these topics would come up naturally in the course of discussion. They are not phrased as questions here but simply the question areas explored.

Policy of the Corporation

- . has it ever lobbied against certain apartheid legislation privately or spoken out publicly?
- . does it lobby in the USA?
- . charitable contributions?
- . relationship of the company with the South African government?
- . attitude toward Coloured unions or African work associations?
- . P.R. materials from the company
- . short history of the company in South Africa
- . amount and type of investment
- . where are they situated in South Africa? (Angola, Mozambique, S.W. Africa, Rhodesia)
- . possibilities for growth in the rest of Africa
- . are any of their operations in "border areas", on the edge of Bantustans?
- . rate of return on investment?
- . rate of growth?
- . business potential of South Africa and restrictive factors eg. lack of skilled labor
- . importance of the investment and product to the economy
- . could the product be used by the military?

Labor

- . number of employees by racial category
- . benefits, facilities and wages by race
- . number of women working and types of jobs women are allotted, benefits, pay scales.
- . stability of labor force, quality of work
- . training and educational opportunities for workers
- . whether the company imported personnel from Europe to fill skilled positions where white South African labor was unavailable
- . channels for complaints of workers
- . hiring and firing procedures

Legislation Affective Companies

- . Job Reservation Act
- . Physical Planning Act
- . local content program

Attitudes

- . response to US Foreign Policy toward South Africa. Comments on Ambassador Yost's speech discouraging investment in S.W. Africa.
- . comments on the UN
- . how is industrialization affecting Africans, Indians, and Coloureds? What are the resultant social changes? What might be the results ten years?
- . any friends of acquaintances among Africans, Asians, or Coloureds
- . feelings about majority rule
- . feelings about the South African government and its policies

A Businessman Looks at Apartheid

By NEIL WATES

Mr. Neil Wates, managing director of Wates Ltd., one of the largest building companies in the United Kingdom, visited South Africa in June 1970 at the invitation of South African businessmen, after he had rejected their first approach for a franchise of the Wates system of industrialized building. After his visit, he made a "report on business opportunities in South Africa", informing his colleagues that he was even more opposed to investing in South Africa. An extract from the report was published in The Observer, London, on 20 August 1970, and aroused considerable interest.

The full text of the report is published here, with permission from Mr. Wates.

In January 1970—about the time we received news of our success in operation "Breakthrough" in the United States—we also received an invitation from a firm of South African developers to franchise our System to them. We refused to do so, on the general grounds that we felt we could not be true to our company goal "to grow people" if we were forced at the same time to work within a system which limited the opportunities of some people "to grow" according to the colour of their skin.

Our South African friends responded, very properly, that we did not know our subject, that we were totally misled by hostile propaganda and that we simply could not take such a decision 7,000 miles away. Accordingly we agreed that I should go out on behalf of the company to look at the situation at first hand.

I must report *prima facie* South Africa is the ideal land for investment; stability is a relative term, but in the foreseeable future there can be few more stable countries than South Africa. The economic outlook is excellent—the possible fall in the volume of gold production is almost bound to be offset by what I regard as an inevitable increase in the price of gold within the next two years; apart from gold, secondary mineral exports are growing—platinum, uranium, copper, magnesium, chromium, aluminium, etc. There is a rising trade in manufactured products, new markets are being opened up in the United States and Japan; politically the country is extremely stable—there would seem to be no prospect of ousting the present régime; the student unrest in universities as experienced in Europe and the United States is completely unknown; there are no strikes and above all, the non-whites are completely quiescent.

I must further report that the opportunities for a system of industrialized building, such as the Wates System—which not only saves man-hours, but, above all, skilled man-hours and elim-

inates wet trades—are enormous. The white-dominated unions have a virtual stranglehold on the construction industry; the only way to cut the Gordian knot is through eliminating the wet trades and creating totally new jobs altogether, which would enable employers to open up job opportunities for non-whites without ever being accused of taking jobs away from the whites.

In this context, it is only fair to say also that I met Liberal businessmen of the highest calibre who argued that economic forces were bound to bring about the downfall of apartheid—and their own system would prove a powerful weapon in the campaign.

Notwithstanding all this, I must report that the idea of doing business in South Africa is *totally unacceptable*; we could not be true to the basic principles on which we run our business and we should lose our integrity in the process. We should have to operate within a social climate where the colour of a man's skin is his most important attribute and where there is virtually no communication between the races; we should be locked into this system. We should have to operate within an economic climate which is designed deliberately to demoralize and to maintain an industrial helotry; we should, in turn, profit from such exploitation and ultimately end up with a vested interest in its maintenance.

We should have to operate within a legal climate where the rule of law has been abolished in favour of rule by decree, which bids fair to become a reign of terror.

The cumulative effect of all these factors in the long term must be self-defeating; within the short term it must make it impossible for ourselves individually, or as a company, to connive at anything which would serve to perpetuate a system which in the last analysis has no other justification than the preservation of white supremacy as an end in itself.

To analyse each of my points in a little more detail . . .

1. No Communication between Races

This is a well known fact to the African; they simply cannot afford to "tell it like it is"; the tragedy is that most whites are totally unaware of the way they are isolating themselves by limiting their contact with non-whites to a purely functional or master/servant relationship. In the first place, there is very little physical contact—there are of course the well-known, albeit incredible to a foreign visitor on his first encounter—"non-European" park seats, bus-stops, airport entrances, lavatories, taxis, buses, etc. etc. (The duplication of services would be absurd if it were not often tragic; witness the collapse of a grossly overloaded non-European footbridge over a railway, causing the death of many Africans, while the adjoining "whites only bridge" was empty.)

In the second place, there is very little social contact; white and non-white cannot sit in the same office, eat in the same public place and enjoy simultaneously the same cultural or physical recreations. Of course, a white can invite a non-white to his home—but it would be fraught with difficulties. In the first place, his servants—not to mention his neighbours—would raise their eyebrows; in the second place, unless the African had his own transport, the white could not run him home at the end of the evening without a permit. It would, of course, be illegal for the African to stay the night.

Above all—following the *Improper Interference Act 1968*—whites and non-whites cannot attend the same political meetings or join the same party.

Small wonder that with such little communication between the races, so much fear and misunderstanding is engendered, together with a siege mentality among the whites. As visitors, we found it almost impossible to talk to Africans and we had the usual absurd stories about "them" from our fellow whites—their ignorance, their criminality, their immorality, and so on. For contact with "the African", we had to wait until we visited Zambia, where Africans were obtaining levels of responsibility and acquiring skills which would have frankly astonished the story-tellers in South Africa.

These tales were greeted there with the laughter they deserved, but it was an incredible shock to realize that our dinner party with the President of Zambia—truly one of the world's great men—would have been virtually impossible in South Africa.

2. Scandalous under-Utilization Of Human Abilities

In the first place, the policy of reserving key jobs for whites virtually means that 3.6 million whites must provide the entire management capability and key skills for a population of over 19 million. In the second place, the sheer bureaucracy of running such a dirigistic economy to go with the systematic arrest of 5 per cent of the population a year and imprisonment of 4 per cent, has increased the percentage of economically active whites involved in the public sector from 30 per cent in 1960 to over 36 per cent in 1969.

The real scandal lies in the fact that all the real job opportunities one can see being grasped by Africans both in supervisory management and in the area of technical skills in a country like Zambia are totally denied to them in South Africa. It is impossible to say how many first-class minds are doing the most menial jobs and it is, of course, impossible to measure the waste of ability.

The theory of separate development is plainly nonsense: all the time the whites depend on the blacks for their industrial manpower—and of course there can be no meaningful development in the homelands where most of the blacks are working in white areas. Only 8.7 per cent of employed Africans are working in the homelands—whilst over one third "live" in the homelands, but work away from home on annual contracts. This self-defeating policy prohibits any prospect of career development for them, let alone the building up of any loyalty to the company and reduces the non-white to the level of a "Labour Unit".

Of course we would ensure that any business we set up would be a beacon of good employment practices, with basic principles of equal pay, equal fringe benefits and working conditions. But we could not open the career to talents in the way we strive to do in this country and in the United States through our policy of "optimizing individual and the company goals"—because some goals are simply not open to some individuals.

3. "Climate Designed To Demoralize and Maintain An Industrial Heirotty"

White industry needs African labour; but each one of those Africans must have a permit to "work, live and be". It is true that he can establish certain residential qualifications to live in a township—if, for example, he has worked in

the area for 15 years, or 10 years in the same job. But he may not necessarily be able to live with his wife—he certainly cannot invite a friend in for the night without permission and he is liable to lose all his rights if he is found to be "idle and undesirable"—whereupon he will find himself sent to a "homeland" which means nothing to him.

What he needs, of course, is a home and not a Government-fabricated myth of a homeland. What he gets is life in a transit camp, without property, and with precious few political or legal rights. So far from being a protector, the law is seen as a persecutor; incredibly 934,000 people were convicted of offences in 1968, 674,000 were admitted to prison during that year and the average daily prison population was 80,000.

Since it is virtually impossible not to break the law in a small way each day, major and minor offences become blurred and respect for the law goes to the wall.

It is small wonder that there is virtually a reign of terror in the native townships by night; in Soweto, the average number of murders on the peak night of the week is seven; nobody knows how much unreported crime of violence takes place—but then none of this would be obvious to the superficial white observer; there is a curfew for all non-Europeans in the centre of Johannesburg which makes it probably the safest city in the world for the white man to walk about at night. Yet the price of all this—and indeed of the whole agreeable servant-supported way of life in the white suburbs—is being paid for by the blacks who are kept out of sight in the townships.

It is no defence to point out the undeniable truth that the black South Africans are better off than blacks in any other country in the world; the important factor is their relative well-being to their white fellow citizens; the Africans constitute 68 per cent of the population, but their share of the national cash income is 19 per cent—whereas the whites constitute 19 per cent and their share of the cash income is 73 per cent.

This is only one measure of inequality—the facts are that political, social and economic inequalities of the system are such that we would find it impossible to give effect to our ideas for "creating a sense of partnership within the company, where people are encouraged to give of their work".

4. "Rule of Law Abolished"

If there is a physical reign of terror in the townships, all the ingredients are

there for a legal reign of terror within the country. Legally speaking, it is extremely hard to distinguish the situation in Vorster's South Africa from Hitler's Germany in 1933; Hitler engineered the Reichstag fire and then declared an emergency decree "for the protection of the people and the State"; he set up Peoples' Courts for political offences; he interfered in criminal cases to protect his officials; he had the right to banish or imprison people whom he thought had been too lightly treated in the Civil Courts and he placed his Gestapo beyond the law.

In South Africa, under the 1967 Terrorism Act (which created new offences and made them retroactive to 1962), it is explicitly stated that "no Court shall pronounce on the validity of any action for the release of a detainee under this Act". Under the Bantu Administration Act, the State President is supreme and his actions cannot be challenged in respect of the African's right to remain, reside or work in certain areas. With the Suppression of Communism Act of 1950 which virtually says you are a Communist if the Minister says so ("Lord Gardner"), there are wide powers to arrest, together with the right to bar Counsel—and if you obtain your discharge under this Act you can simply be re-arrested in open Court and detained *sine die* under the Terrorism Act—as happened to the 22.

Clearly the Terrorism Act is itself an act of terror; in accepting the security of the State, rather than that of the individual as the overriding consideration, the rule of law has been abolished and a potential reign of terror through rule by decree has been established.

Clearly South Africa is becoming a very difficult—not to say dangerous—place for anyone who values freedom.

I will confess that I travelled to South Africa hoping that I would find good reasons for doing business there; privately I had always considered critics of South Africa to be shrill and emotional—to whom everything black was good and everything white was bad. But the parallel between Hitler's treatment of the Jews in the 1930s and South Africa's treatment of the blacks today, became daily more obvious to me in the course of my visit and was brought home most vividly to me when I saw blacks being literally herded like cattle through the Bantu Administration Courts. Just as I think with hindsight it would have been totally wrong to do anything to connive at nazism in those days, so also do I think we should do nothing that would help to perpetuate *apartheid*. ■

APPENDIX 4

CHRYSLER AND COLOURED UNION ORGANIZING IN THE CAPE

The response of Chrysler to the demands and formation of a Coloured union may help us make our point.

Although Chrysler representatives deny that Chrysler was or is hostile to unions for non-whites, the minutes of negotiation sessions in the mid-sixties paint a somewhat different picture. In 1964 and 1965 Chrysler South Africa (Pty.) Ltd. was involved in negotiations with the Western Province Motor Assembly Workers Union, a union comprised of Cape Coloureds. The union pressed on several issues:

1.) An agreement including 20% pay raise, since only 3 of 26 Assemblers employed "were able to adequately cover their minimum basic needs," which amounted to \$25 per week. Mr. Heeger, the union negotiator, argued that the industry was booming; and, therefore, Chrysler in Capetown could afford to raise wages to the level in the rest of the country.

Mr. Lock, the Chrysler negotiator, stated that the \$.25 an hour which Chrysler paid was competitive and that Chrysler "considered the union's proposals as unreasonable."

2.) The union should be recognized as representing Chrysler's Coloured workers and agreements should be negotiated with them.

Mr. Lock responded that Chrysler employed a high percentage of whites, and "in view of this the firm did not favour negotiating with a union only covering a certain portion of the workers."

This response was made in spite of the fact that unions are naturally based on racial groupings in South Africa, and the only real way Cape Coloured representatives could have their interests represented is through a Coloured union. In addition, Mr. Heeger recounted in interviews that Chrysler would not allow union representatives on their premises even during lunch break and that on one occasion when he was talking to a throng of interested workers outside Chrysler's gates, Chrysler had called the police, who came and arrested him. Chrysler, Mr. Heeger pointed, worked in every way possible to stop its Coloured workers from organizing into a union.

In a representation to the Minister of Labor answering a government request in May, 1964, for comments on the establishment of a Conciliation Board to deal with the dispute about whether a Coloured union should be allowed to organize in her plant, Chrysler made several points:

A.) Chrysler did not believe that a majority of its Coloured employees were members of the union and did not believe "that a union is a useful or necessary organization in the circumstances." (This in light of Chrysler's overt actions preventing union organizing.)

B.) "The wages plus cost of living allowances paid to our Coloured workers compare favourably with those paid to operative labour in other Motor Assembly Plants;" Therefore "the proposed wage scales and conditions

of payment are completely unrealistic and quite out of perspective." In these two sentences Chrysler has indicated that its wage rates are in effect set by the averages of the industry notwithstanding the facts that these averages are inadequate, racially discriminatory, and out of line with the major profit being made.

C.) "We maintain that our Coloured employees are very well cared for," Chrysler reported, and went on to say that they had formed a new Personnel and Industrial Relations Department because of the importance of personnel relations. The paternalism inherent in this 1965 statement is echoed by Chrysler officials in 1970. The Elsie's River Managing Director argued that his plant had no need for unions since it stayed far enough ahead in wages and benefits that a union becomes superfluous. He went on to say, however, that white artisans were represented by the Iron and Steel Union, providing an interesting double standard for Whites and Coloureds.

The Director of Personnel and Labor Relations in Chrysler's Pretoria plant stated, "We feel at this stage that the less we have to do with unions the better. There's enough incentive for us to look after our people better." To an African the concept of bargaining is a foreign one, for "he accepts the white man as his guardian."

The concept of the right of a worker to organize and press for changes which he, not the employer, feels are in his best interests, a totally accepted concept in the US, is definitely not part of the *modus operandi* of Chrysler in South Africa.

In its representation to the government in 1965, Chrysler pleaded that top management would not have time to engage in lengthy negotiations with union representatives since tremendous energies were to be expended in implementing the government local content program (a program to increasingly produce vehicles from South African products.). Thus Chrysler appealed to the government's self-interest, asking them to refuse the union's request to establish an agreement and a Conciliation Board to oversee re Coloured union establishment stating Chrysler is "confident that, with the continued cooperation of the Department of Labour, we can maintain sound industrial relations in all our affairs with all races in our employ, without an agreement."

Such a statement documents in stark form several things: 1.) Chrysler obviously resisted any negotiations with Coloured unions. 2.) Chrysler's concern for standards of "sound industrial relations" are in accordance with South Africa's Department of Labour and the Factory Act. These are sad standards to be following when both government bureaucracy and legislation are dedicated to white power and preferential white treatment.

Chrysler, therefore, not only actively opposed Coloured unions but actively supported government labor policy and standards.

ONLY WHITES NEED APPLY!

JULY 8, 1970

JOHANNESBURG
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V2000

Sunday Times

THE PAPER FOR THE PEOPLE HAMMERING THE ECONOMY

The Planning Act

APARTHEID — THE MAGIC CONCEPT that was once a certain election winner — is starting to rock the Nationalist Party to its foundations; and, at the same time, it is running South Africa into serious economic difficulties.

We are being given plenty of warning about these difficulties. South Africa's foreign trade deficit (excluding gold) is now running at R70-million a month, a total of R150-million for the first five months of 1970, which is about 65 per cent higher than the deficit for the corresponding period last year.

The labour crisis has become so alarming that the Chamber of Mines, the Federated Chamber of Industries, the Afrikaanse Handelsinstituut, Assocom, Seifsa and others, have become almost hysterical in their warnings about the danger. Just how serious the labour crisis has become was perhaps best described by Mr. J. H. Liebenberg, president of the Railway Artisan Staff Association, who says that "as things are at the moment, South Africa is sitting on a bomb".

Here to stay

Not the least disturbing of recent disclosures is that contained in the Reserve Bank's Quarterly Economic Review, which points to a falling off in the rate of investment in new plant and equipment in the manufacturing sector. This means only one thing — that the economic growth rate is about to start slowing down.

A number of factors — some of them possibly beyond our control — contribute to this depressing trend; but what is abundantly clear is that one of the most important of these harmful factors is apartheid.

After years of apartheid theory, we have reached the stage of practical apartheid, with the Government making desperate attempts to implement a policy that conflicts with all the laws of economics, of supply and demand and of rationalised labour.

The damage is twofold. In the first place, apartheid cannot be implemented, with the result that the Government is wasting an enormous amount of time, money and manpower on a project that is utterly incapable of fulfilment.

Secondly, this hare-brained experiment is knocking the economy for a loop. It places artificial restraints upon the normal flow and development of the labour force, which in turn slows down productivity and prevents business men from carrying out the normal expansion necessary to keep the economy stable — and buoyant.

One of the most senseless of the Government's apartheid devices is the Physical Planning Act, which deliberately sets out to prevent entrepreneurs from carrying out normal expansion. The attempts to induce them to set up border industries are often impractical, unrealistic, and come to nothing. The upshot is that, although the "border industries" remain a trifling part of the economy, the other industries (where real development could take place) are being curbed and restricted.

As recently as yesterday, the chairman of the Standard Bank, Mr. A. Q. Davies, echoed the warnings. He pointed out that the official Government belief "that the natural growth potential of the economy must be restricted to meet the narrower limit set by government policy, has produced an air of despondency in some circles. It is felt that a loss of economic momentum, as the result of a more rigid application of government policy, could be the first signs of economic retrogression".

Just how far the process has gone is reflected in the Reserve Bank's statement that industrialists (apparently despairing of expanding their operations because of Government restraints) are setting aside less capital for new plant and equipment.

The Government has got results, of course, but these are all unpleasant. On the one hand, the economy is reeling from the apartheid hammer blows directed at it from different ministerial departments; and, on the other, the Government does not even have the consolation of seeing apartheid actually work.

Harmful effect

All kinds of theories and explanations are being offered to account for the swing against the Government in the elections; but, before April 22 and since, we have held the view that the most important single event likely to influence voters against the Government is the harmful effect the apartheid policy is having on the economy.

Until recently, the voters regarded apartheid as something reserved exclusively for Non-Whites; and they were content to let it go at that because they felt confident that it contained nothing harmful for the Whites. That idea has been shattered. It is now abundantly clear, even to many Nationalists, that apartheid laws aimed at labour and industry are dislocating the economy, preventing normal growth and leading, inevitably, to some kind of recession.

If that were to happen then the jobs of White people would be in danger — and this, understandably, is what frightens them. Most White workers today can see for themselves that their own jobs depend on the rational deployment of labour. They know for certain that we are all utterly dependent on Non-White labour and could not exist for a week without it.

Growth rate

Furthermore, the White voters have also reconciled themselves to the fact that Non-Whites are here to stay. They have come round to the view, also, that if the Non-Whites are here permanently, we must make the best of their presence in the White areas, instead of knocking them and the economy in a vain hope that we will somehow make the Bantu vanish to the "homelands".

Although this should all be clear by now, it is doubtful whether the message has got through to the Government, which shows no signs of abandoning its reckless policy of "purifying" South Africa regardless of the cost.

A few more elections, and perhaps the Government will learn that the voters are now willing to accept economic integration (a) because they have no other choice and (b) because their livelihood depends on it. Once they accept it, they want a policy based on the reality of economic integration. They do not want an outmoded, fanciful, archaic policy designed for an apartheid which simply does not exist — and can never exist.

We trust that the economic danger signals will serve as a warning to the Government that its apartheid ideologies are false and unworkable. The Government is actually jeopardising the nation's security and safety by enforcing a policy that can cause nothing but disruption.

The Principles of Caltex

- 1 To comply in letter and spirit with laws and regulations, and to co-operate with government officials.
- 2 To help strengthen national economies and the well-being of the people in our marketing areas, consistent with sound business principles.
- 3 To stimulate development of local industries whenever possible, by purchasing locally, requirements of equipment, goods and services.
- 4 To employ, train and advance nationals of each country, building and maintaining a loyal and efficient corps of employees devoted to furthering mutual best interests.
- 5 To provide fair wages and working conditions for employees and to establish plans for their benefit and protection.
- 6 To be a good citizen and neighbour, observing all local customs and practices; to develop an understanding of and interest in the welfare of the community and its people.
- 7 To manufacture high quality products, developed by constant research, always zealously guarding the reputation of our trade mark; to aid the development of industry, transportation and agriculture by supplying these products at a fair price.
- 8 To achieve fuller appreciation of our importance as a constructive influence in the economic and social life of the country.



ADDITIONAL RESOURCES

1. "Apartheid and Imperialism: A Study of U. S. Corporate Involvement in South Africa," September-October, 1970, AFRICA TODAY, available from the American Committee on Africa, 164 Madison Avenue, New York, N. Y. 10016
2. "Chrysler, Ford and General Motors in South Africa", a study by the Council on Economic Priorities, 1028 Connecticut Ave. N.W. Washington, D. C.
3. Reprints of pertinent articles are available from the Southern Africa Committee, 637 W. 125th Street, New York N. Y. 10027. A kit containing specific articles and the magazine "Apartheid and Imperialism" is available from the committee for \$1.25.
4. "Poverty, Apartheid and Economic Growth", prepared by Sean Gervasi for the Special Committee on Apartheid, March 17, 1971. (A/AC.115/L. 288).
5. "Work, Wages, and Apartheid" by Ruth First, Unit on Apartheid, United Nations, September 1970.
6. Africa Research Group, P. O. Box 213, Cambridge, Massachusetts 02138. Good source for research on U.S. Investments in South Africa.
7. "Wisconsin Companies in South Africa" by the Madison Area Committee on Africa, available through the American Committee on Africa (see #1 above).

APPENDIX 8

IDEA THAT FOREIGN INVESTMENT CAN IMPROVE
CONDITIONS OF AFRICANS - A DELUSION

by

Mrs. Jean Sinclair
National President, The Black Sash

(The declaration by Neil Wates, prominent British businessman, against investment in South Africa - published in Unit on Apartheid Notes and Documents as a Special Article in October 1970, provoked a significant debate in business circles and the press. The Financial Mail of Johannesburg commented on September 11, 1970, that the decision of Mr. Wates does harm to the people discriminated against and deprived, and that "it is better to do what one can as a businessman to improve conditions of life within the system." In reply, Mrs. Jean Sinclair, National President of the Black Sash asserted that this view is a "delusion". Extracts from her reply are reproduced below.)

This hackneyed argument is the standard reply given to those who criticise the lack of positive action in the face of the myriad laws, controls and restrictions which inhibit the growth of a free enterprise economy and hold workers in virtual serfdom. It is an argument which stills the conscience of the businessman in the belief that he is alleviating the deprivations and hardships suffered by the African people.

Who is benefiting?

With respect and in all sincerity I ask who is benefiting by the opening up of new industry and the investment of new capital in South Africa? First, the government, which takes 41 per cent of the profits in tax; second, the industrialist and his shareholders, who make a fair return on their investment; and last the African worker, who has a "better job and 30 rand in his pocket at the end of the month."

Poverty wages

Thirty rands a month is an average poverty wage, is 29 rand below the poverty datum line and is the level at which the African becomes liable for income tax. Those who believe that economics will bring about change and who believe that half a loaf is better than no bread should at least ensure that every worker receives a living wage.

According to Mr. Donald Woods, two-thirds of all South Africans are suffering from malnutrition. In Soweto alone approximately 70 per cent of the population live below the breadline. Mr. W. Langschmidt (Market Research Africa) estimates that 25 per cent of all urban households had monthly incomes as low as between 1 rand and 19 rand a month; 40 per cent between 20 rand and 49 rand; 20 per cent between 50 rand and 79 rand, and only the remaining 15 per cent are earning more than 80 rand a month.

Africans constitute 68 per cent of the population and their share of the nation's income is 19 per cent. In contrast, the whites, who comprise 19 per cent of the population, receive 73 per cent of the income.

Profiting from exploitation

The provisions of the Physical Planning Act, the recent statements of the Prime Minister and the Ministers of labour and Bantu Administration with regard to the utilization of labour, and the insistence of moving more industry to the border areas, where wages are even lower than in the metropolitan areas, the terms of the Industrial Conciliation Act having been withdrawn from these areas, are surely indicative of the Government's determination to carry out its policy without regard to the needs of the economy and without concern for the needs of the African workers.

These facts make Mr. Wates' statement all the more pertinent. The crux of what he had to say is contained in the following paragraph of his report: "... We could not be true to the basic principles on which we run our business and we should lose our integrity in the process. We should have to operate within a social climate where the colour of a man's skin is his most important attribute and where there is virtually no communication between the races; we should be locked into this system, we should have to operate within an economic climate which is designed deliberately to demoralise and to maintain an industrial helotry; we should, in turn, profit from such exploitation and ultimately end up with a vested interest in its maintenance."

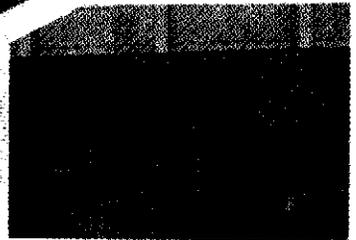
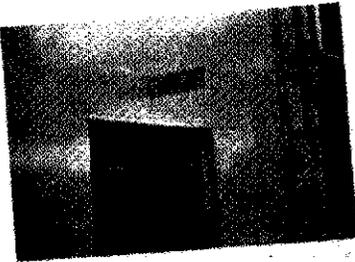
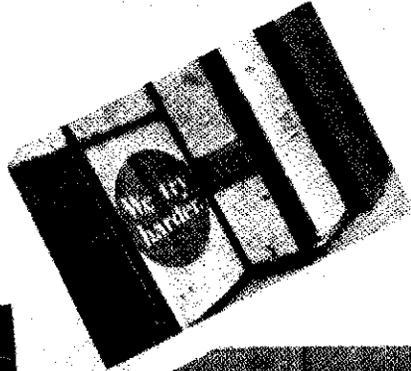
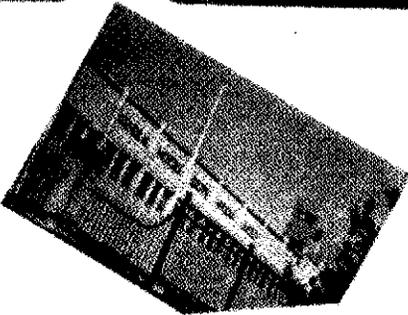
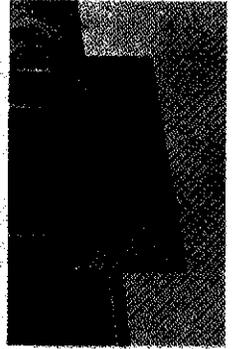
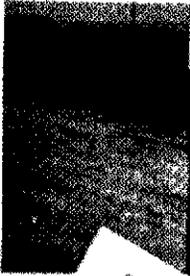
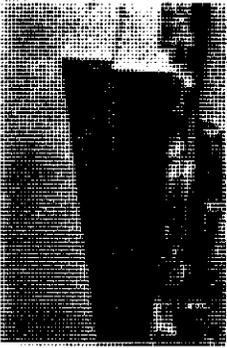
If Mr. Wates were to adopt (the) rather presumptuous suggestion that he could use his profits for the benefit of African education, health and welfare, he would be doing the very thing which he finds so repugnant. He would be helping to bolster up the whole rotten system of apartheid and would "have a vested interest in its maintenance."

Businessmen silent on inhumanity of apartheid

For far too long, commerce and industry have sought to negotiate with the Government to obtain minor concessions and exemptions for themselves, from certain prohibitions and restrictions contained in legislation. But the public has never heard their voices raised in protest against: poverty wages which are often paid to African workers; lack of bargaining power for Africans; suffering caused by influx and efflux control and the migrant labour system; the serious shortage of housing; lack of security of tenure; broken families; the long distances they have to travel to and from work; the restrictions on the type of work they may do.

All the protest and the discussion has been with reference to the effect of the manpower shortage on the economy, but very little is heard about the effects of the policy on the African people who are being pushed around and denied the right to work.

Mr. Wates' decision, instead of invoking criticism should cause South Africans in general and businessmen in particular to stop and think why the whole world abhors South African policy, and to question whether they are using their considerable power to bring pressure to bear on authority to alter its uncivilised and inhumane policies before the country is completely isolated and before its economy is ruined.



APPENDIX 13

GENERAL MOTORS AND SOUTH AFRICA

WHAT'S GOOD FOR GM IS GOOD FOR SOUTH AFRICA · WHITE SOUTH AFRICA THAT IS.

GM - a long time South African Partner

General Motors entered South Africa in the days before the Great Depression in 1928. Almost fifty years later GM South Africa, a wholly owned subsidiary, announced that it had "made a major contribution to the growth and development of the Republic [of South Africa]." The "growth and development" to which GM referred has been the construction of the most industrialized country on the African continent, a country whose growth has been based on the victimization of a cheap, African labor force. Parallel with this economic "progress" has been the acceleration and codification of a universally condemned system of racism and minority white rule called apartheid. GM's contribution to the economy of the Republic is equally a contribution to white minority rule and control.

The South African Auto Industry

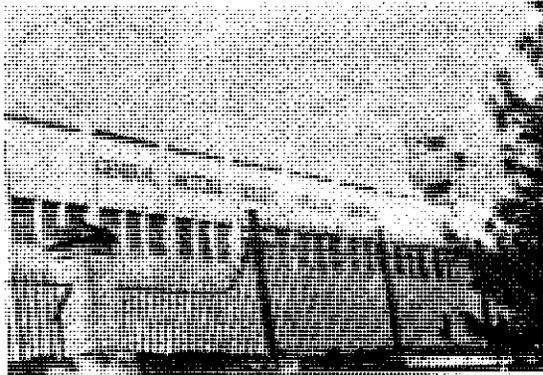
There are approximately 400 U.S. companies with investments in South Africa, and GM is one of the largest participants. The automobile industry, to which American firms have been the single most important contributors, has been a key to diversifying and expanding the economy. The auto industry is vital for the health of the entire South African economic structure. The Standard Bank has described it as "one of the most dynamic forces in the expanding economy, with an influence extending to most manufacturing industries, to the distributive trades and to service industries. Their future pattern of growth will affect the whole economy." Thus GM has invested at least \$125 million in South Africa, has two assembly plants and one engine plant located near the Eastern Cape Province cities of Port Elizabeth and Uitenhage. GM produces 84 models, engines, component parts and Frigidaire products in South Africa. In 1970 it sold 33,000 vehicles (cars and trucks) thus capturing approximately 15 per cent of the South African market.

Benefits to South Africa

The presence of GM in South Africa has provided innumerable benefits to the white minority government. Thus after the Sharpeville Massacre in 1960 when 69 Africans were killed by police fire and dramatic political changes were expected, South Africa responded by instituting programs aimed at making the country immune to outside pressures and creating a self-sufficient economy. One such program was to increase the "local [South African made] content" of cars formerly just assembled in South Africa. By 1976 South Africa expects 65 per cent of each automobile to be of local origin, and GM has spent more on this pro-South African scheme than any of its competitors with an expected additional \$22 million investment by 1976.

Benefits to South Africa include more investment and through import reduction a better balance of payments. GM is the only American company to have produced a South African model which it calls the RANGER. Although GM claims to aid U.S. balance of payments by being in South Africa, the firm has helped South Africa's balance through the sale of its South African made products throughout the rest of Southern Africa. More recently GM has squeezed into the European market where the Ranger is being sold. Some of GM's domestic problems (i.e. strikes, inflation) may be relieved by increased sale abroad of cheaper products produced in places like South Africa.

GM has other links with the South African Government which include the sale of 50 diesel locomotives to the government Railways system, a deal worth \$18.5 million. The company is also a heavy subscriber to the South Africa Foundation, a non-profit organization that is a major international propaganda and lobbying arm for the pro-apartheid forces of South Africa.



GM and the Military

For decades the African people of South Africa and its neighbors still held under colonial rule in Angola and Mozambique have organized to bring an end to their powerlessness and oppressed condition. With internal opposition such as that which resulted in the actions leading up to the Sharpeville Massacre, and the expansion of the movements against the Portuguese, South Africa has constructed a massive military machine increasing defense expenditures sixfold in the last ten years. In order to accomplish this feat South Africa had to have outside help - like GM. Thus in 1966 a South African ruling party journal said about GM: "in times of emergency or war, each plant could be turned over rapidly to the production of weapons and other strategic requirements for the defense of Southern Africa." This understanding was confirmed recently when South African General Heimsira proclaimed that his country is now capable of exporting armaments, and can manufacture any type of armored car²

Employment Practices

GM admits that it follows the law of the land in South Africa which means that it cooperates totally with the apartheid system of racial separation and discrimination. This alliance with South African racism means that GM encourages whites from Europe to emigrate to South Africa in order to fill top echelon jobs. It is exhibited in the fact that GM pays lower wages to its non-white employees (Africans, Coloureds, Asians) and only gives more skilled jobs to them when it cannot find whites to fill the jobs. It means that GM recognizes white and Coloured unions as bargaining agents in its plants (and these unions were only recently instituted at GM), while Africans who are by law excluded from registered unions have no voice in their own working conditions. GM's compliance means that no non-white supervises a white worker, that all the better jobs are set aside for whites, and of course that all plant facilities are segregated for the different races.

GM employees include 6,100 individuals of whom 4,700 are hourly workers. Of this latter group 70 per cent are non-whites. The attitude of local GM managers to the bulk of their employees is revealed in the following quotes. "I wouldn't say these people (Africans) don't have any reasoning power, but what they do have is very limited", (GM Engine Plant Manager, 1970)

... "our non-white peoples here in South Africa can work their way into the economy to come out of their rural and tribal existence where they can actually participate in a civilized industrial life. . . ." (GM Managing Director, 1970)

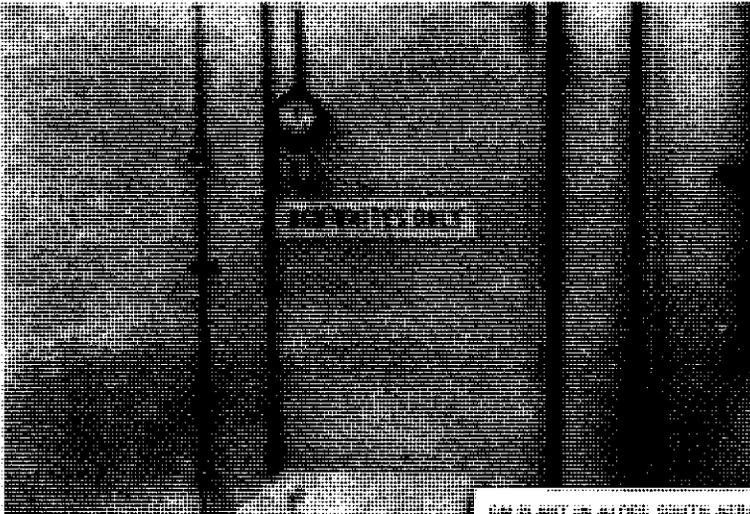
The racism inherent in these remarks is reflected also by GM Board Chairman James Roche when he calls Africans "Bantu" or "Native", terms used only by the government of South Africa or its supporters.

Jobs and Wage Structures

Chairman Roche described the South African apartheid system perfectly when he said: "GM South Africa does not discriminate between races as to wages except for a difference in the starting rates which are higher for Whites than for Colored and Native employees." Thus at the GM engine plant wages and categories of employment reflect the racist hierarchies to which GM subscribes.

WAGES-SOUTH AFRICAN ENGINE PLANT (1970)

category	race	hourly wage
unskilled	African, Coloured	\$1.52
semi-skilled	mainly Coloured	\$1.80-97
machine setters and changers	mainly white	\$1.96
skilled artisans	white	\$2.10



GM PLANT IN APOLO, SOUTH AFRICA

	White	Africans
Population (millions)	3.8	14.9
% of population	18	69
% of land reserved	67	13
% of income received	74	18.8
average income/head/year	\$1,586	\$188
average annual wage in mining (cash)**	\$5,275	\$302
average annual wage in manufacturing	\$4032	\$828
minimum cost of living for family of 5 in city	\$1,075	\$1,075
life expectancy	64-70	35-40**
infant mortality per 1,000 births	24	200-250
no. of pass arrests/yr.	0	7-900,000

Apartheid in South Africa is a customary and legal system created by the white minority (3.5 million) to maintain permanent control of lives and labor of the non-white (African, Asian, Coloured) majority (17.5 million). The core reason for the system is to perpetuate and strengthen white supremacy. Thus politically, economically, socially, and even the realm of family and personal life, the word of the white man stands supreme. The so-called Bantustan system created by white South Africa to contain the Africans in reserve areas (only 13 per cent of the land) is an attempt to continually separate black from white while at the same time allowing the utilization of black migrant labor in white controlled mining, industry and agriculture. Legislation aimed at the removal of all civil and political rights for non-whites has accelerated under the political rule of the Nationalist Party, in power in South Africa since 1948. All protests on the part of the majority have been crushed, and now Africans and their allies are in the process of organizing themselves in the underground and in exile for the full liberation of their homeland.

Figures mainly 1968-1969, United Nations and South African Institute of Race Relations. *wages in kind (food etc.) estimated by employers would raise African returns to \$806. **medical statistics are normally not kept for Africans so estimates based on Coloured figures are necessary.

Questions Answered

GM has proclaimed the competence and good workmanship of its South African employees, and yet Chairman Roche has the audacity to brag about paying African employees in South Africa wages which are 25 per cent above the average monthly living expense for a family of five. This living expense figure is really a minimum, i.e. in Johannesburg, the minimum was \$83.00 in 1969, in Uitenhage, \$89.50, a month. Roche's 25 per cent increase over this poverty datum figure cannot in any way be seen as generous. Health, insurance, retirement, tuition, training plans are provided by GM, but essential workers' rights in terms of unionization, the right to strike, bargaining power are non-existent.

The end of strict "job reservation" (a system of classifying by law certain jobs for certain races) has meant a jump in non-white employment at GM, but only when the white unions have agreed and only when it has been considered beneficial to the company which can of course pay an African or Coloured worker less wages for a job formerly done by a highly paid white worker. In no way does GM's employment patterns in South Africa defy or challenge a fundamental racist system.

Conclusion

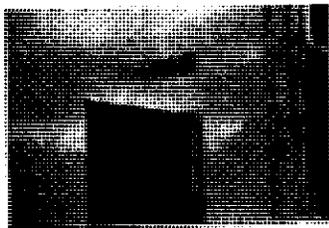
In short what's good for General Motors is good for South Africa - white South Africa. GM is a mirror of the intensely discriminatory laws and customs of South Africa. Low wages and the South African tradition of treating African workers as "labor units" assist GM in making some of the highest profits found in the world. While GM claims that it is a "progressive" company in South Africa, it has not budged one inch to protest the basic conditions under which 80 per cent of South Africa's population must survive.

Even more important is the way in which the South African Government has utilized the auto industry, including GM, Ford and Chrysler, to strengthen and diversify its economy and military potential, inevitably consolidating white control and domination as a result. GM as other U.S. companies must be considered partners responsible for the creation of a strong, white South Africa.

GM states that it must conduct business in conformity with the laws of the host country but that this act in no way constitutes an endorsement of local policies, i.e. in South Africa, the philosophy and practice of apartheid.

But what if GM's investment and operations in South Africa act in a way which directly supports white minority rule or mirrors discriminatory laws, is this not a de facto endorsement of apartheid? The important point is not GM's motives but the fact that GM's massive investment assists in building the South African economy, which in fact strengthens the political control of the white government. GM cannot divorce economics and politics pretending that it is "just doing business." Such a large investment has political consequences. In fact, GM itself admits its political nature when it claims that it is a leader in "progressive change" in South Africa.

In this case, despite GM's plea that they do not necessarily approve of the policy of apartheid, its investment acts as a support for the very policies they claim to oppose. Just as we would not have tolerated a corporation helping build the military might of Nazi Germany, even if that company claimed it had to follow German law, neither can we tolerate GM's support for apartheid any longer.



Notwithstanding all this, I must report that the idea of doing business in South Africa is totally unacceptable; we could not be true to the basic principles on which we run our business and we should lose our integrity in the process. We should have to operate within a social climate where the colour of a man's skin is his most important attribute and where there is virtually no communication between the races; we should be locked into this system. We should have to operate within an economic climate which is designed deliberately to demoralize and to maintain an industrial helms; we should, in turn, profit from such exploitation and ultimately end up with a vested interest in its maintenance.

NEIL WATERS - A PROMINENT BRITISH BUSINESSMAN WHO RECENTLY DECIDED NOT TO INVEST IN SOUTH AFRICA.

We should have to operate within a legal climate where the rule of law has been abolished in favour of rule by decree, which bids fair to become a reign of terror.

The cumulative effect of all these factors in the long term must be self-defeating; within the short term it must make it impossible for ourselves individually, or as a company, to connive at anything which would serve to perpetuate a system which in the last analysis has no other justification than the preservation of white supremacy as an end in itself.

GM has stated that since 1926 its number of non-white employees has increased to more than 60 per cent, and that this is "an indication of the progressive change which has occurred over the years."

The fact is that South African industry across the board has been forced to employ more and more "non-whites" in their operations since there has been a drastic shortage of white workers. This change in the labor pattern has occurred over the violent objections of sections of white workers. It can scarcely be portrayed as a hiring program aimed at black training and advancement.

G. M. tries to paint South Africa as a land undergoing "progressive change". This is hardly the case. In fact since G. M. has invested in South Africa non-whites have lost all representation in Parliament, had all political parties banned and many political leaders jailed, had multi-racial parties declared illegal, had African unions virtually destroyed, had laws enacted allowing arrest and punishment without charges, trial or appeal, had 500,000 Africans jailed every year on pass offences. South Africa is not a land of "progressive change" but a land of increasingly harsh laws against people for the sole reason that their skins are not white. Economic growth has brought more apartheid, not less.

During the last twenty years the gap in earning power between whites and non-whites has increased. The total cash income for African wage earners remained static from 1960-1970. Is this the progress G. M. talks of?

In South Africa non-whites must still take the lowest level jobs despite personal qualifications; may not supervise whites; have no real trade union power; receive wages near the baseline. In short the system of industrial apartheid in South Africa continues with only minor adjustments. Meanwhile GM tries to build the myth that there has been "progressive change."

GM states that its operations in South Africa is "consistent with the best interests of the people of all races in South Africa."

Who is GM to define the "best interests" of 80% of the people of South Africa who are not white? The "non-white" peoples of South Africa have made it abundantly clear that they desire a fair share of the political and economic pie. How is GM's investment helping to bring about civil rights and the political power they desire to that 80%? A few jobs for non-whites compared to the massive support given the white power structure is hardly in the "best interests" of all races.

In addition, under the Terrorism Act any person advocating economic boycott in South Africa can be tried for treason. The wishes of the non-white majority therefore cannot be voiced in this police state stronghold. How can GM even begin to understand the goals and aspirations of "non-white" South Africa when its top management has no friends or acquaintances outside of the white population? How can GM pretend to understand non-white hopes while it simultaneously supports the all white pro-apartheid South African Foundation?

Perhaps the sentiment of black South Africa was more accurately portrayed by Chief Albert Lutulu, Nobel Prize Winner and president of the banned Boycott of South Africa when he said: "The economic boycott of South Africa will entail undoubted hardship for Africans. We do not doubt that. But if it is a method which shortens the day of blood, the suffering to us will be a price we are willing to pay. In any case, we suffer already, our children are often undernourished, and on a small scale (so far) we die at the whim of a policeman."

GM states that if it withdraw from South Africa other companies would be quick to take their place.

This reply misses the point. Is it right to act in a morally repugnant manner simply because someone else would do it if we did not? GM is responsible for its own actions and cannot hide behind possible reactions by its competitor.

Withdrawal by GM would have a tremendous political and economic impact on South Africa and its relations with the rest of the world. It could even start a trend of withdrawal and no more investment by numerous international firms.

GM argues that its operation in South Africa has been successful and profitable for a great many years and has been "a well-established source of earnings."

This is true. The South African government proudly advertises that an average rate of return of 15% can be expected (Wall Street Journal Jan. 22, 1971). But at what cost do these profits come? At the cost of exploiting "non-white" workers for breadline wages, at the price of being a "good citizen" in South Africa which means comfortably complying with all of South Africa's racially discriminatory laws at the cost of building white South Africa's military potential, at the cost of strengthening and diversifying the South African economy and strengthening white political control, at the cost of supporting an international apologist for white control, the South African Foundation. We believe the price is too great.

For additional information write:

American Committee on Africa
184 Madison Avenue
New York, New York 10018

Council for Christian Social Action
United Church of Christ
915 2nd Avenue
New York, New York 10017

Southern Africa Committee
637 W. 128th Street
New York, New York 10027

Social Criteria Committee
Episcopal Church
915 2nd Avenue
New York, New York 10017

APPENDIX 14

AMERICAN COMMERCIAL NEWSLETTER

issued by the

AMERICAN CONSULATE GENERAL JOHANNESBURG

MARCH 1971



(558)

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At your Service

These Commercial Section personnel of the American Consulates General in South Africa are eager to help you initiate or expand your trade with the United States:

JOHANNESBURG: Telephone 834-3051

521 S. A. Mutual Building, 37 Harrison Street -

Mr. Max E. Hodge, Senior Commercial Officer
 Mr. Dennis Sandberg, Commercial Officer
 Mr. Gideon Uys, Commercial Specialist
 Mr. Manfred Schonfeld, Commercial Assistant
 Mrs. Shirley Rieker, Commercial Librarian

CAPE TOWN: Telephone 3-7061

Broadway Industries Centre, Heerengracht, Foreshore -

Mr. Paul Hughes, Commercial Officer
 Mr. David Anziska, Commercial Specialist
 Mrs. Sylvia Frowde, Commercial Librarian

DURBAN: Telephone 2-8388/9

14th Floor, Norwich Union House, 6, Durban Club Place -

Mr. Hunt Huebeck, Commercial Officer
 Mr. Michael Mouton, Senior Commercial Assistant



Four Steps to Bigger Business

- 1 Visit the Commercial Library at the Consulate General to use the directories of American manufacturers and exporters and to review information on new products available from the United States. You'll find ideas and suppliers for expanding your product line!
- 2 Register your firm with the U. S. Department of Commerce. Request a "World Trade Directory Report" questionnaire to complete and return; then your firm will be named by our Department of Commerce when American companies request names of potential importers, agents, or licensees in South Africa.
- 3 Visit the United States with our "Commercial Invitation" in hand. Through our Department of Commerce and COMMERCE TODAY, we can help you to meet potential trading partners during your trip to the United States.
- 4 Advertise your needs to 12,000 businessmen. Tell us what product or technology you want to import, and your "Trade Opportunity" can be published free of charge in COMMERCE TODAY, a bi-monthly magazine read by businessmen throughout America. Such publication can have the gratifying results described in the following letter from a Johannesburg firm:



SCRUPLE ETHICAL PRODUCTS (PTY.) LTD. (EDMS.) BPK.

157 FLOOR CHISWELL HOUSE
56 VON WIELLIGH STREET
JOHANNESBURG
SOUTH AFRICA
TELEPHONE 22-6878
TELEGRAMS "SCRUPLE"
P.O. BOX 61486 MARSHALLTOWN

157 VLDPR. CHISWELL HUIS
VON WIELLIGHSTRAAT 56
JOHANNESBURG
SUID AFRIKA
TELEFOON 22-6878
TELEGRAMME "SCRUPLE"
POSBUS 61486 MARSHALLTOWN

MCD/JT

Our Ref./Oms. Verw.

Your Ref./U. Verw.

18th January, 1971

Oms/Deliv.

Mr. Schonfeld,
United States Consulate General,
521 S.A. Mutual Bldgs.,
Cnr. Harrison and Commissioner Streets,
JOHANNESBURG.

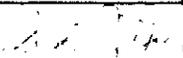
Dear Sir,

During the past five weeks we have received over forty applications from United States firms seeking distribution and promotional facilities in South Africa. Needless to say we are now extremely interested in a considerable number of these companies products for our domestic market.

Furthermore, I would add that we have been completely overwhelmed at the tremendous response to enquiries. Indeed the Consulate General, Johannesburg, has been, to put it mildly, a real eyeopener to my company in regard to the possibilities that we can accrue from your assistance.

I look forward to our continued association.

Yours sincerely,

SCRUPLE ETHICAL PRODUCTS (PTY) LTD


MICHAEL C. DIJON.

Major Product Exhibitions in the U.S.

Why not time your visit to the United States to coincide with exhibitions devoted to products or subjects in which you are interested? A list of the major exhibitions scheduled through December 1971 is given below.

APRIL 1971

- 3 - 11 International Automobile Show, New York, N.Y.
- 13 - 16 Wholesale Stationers, Hollywood, Fla.
- 17 - 25 N.A.P.M. Photo Expa., Chicago, Ill.
- 19 - 22 Design Engineering Show & Conference, New York, N.Y.
- 20 - 22 Univac Users Association Conference, Phoenix, Ariz.
- 25 - 28 National Independent Meat Packers Association Annual Meeting, Chicago, Ill.
- 25 - 28 Associated Retail Bakers of America Convention & Exhibition, Cleveland, Ohio.
- 25 - 30 International Congress of High Speed Photography, Los Angeles, Cal.
- 25 - 30 Society of Motion Picture & Television Engineers Conference & Exhibit, Los Angeles, Cal.
- 26 - 28 American Welding Society, 345 East 47th Street, New York, N.Y.
- 26 - 28 Pipeline Conference, Dallas, Tex.
- 26 - 29 Annual Scientific Meeting of the Aerospace Medical Association, Houston, Tex.
- 26 - 30 International Conference & Tool Exposition, Philadelphia, Pa.
- 30-May 3 Forest Products Machinery & Equipment Exposition, Atlanta, Ga.

MAY 1971

- 2 - 5 Convention & Educational Exposition - Super Market Institute, Houston, Tex.
- 3 - 6 National Packaging Exposition, Chicago, Ill.
- 15 - 23 International Petroleum Exposition, Tulsa, Oklahoma.
IPE, P.O. Box 4429, Tulsa, Oklahoma 74104
- 16 - 19 National Association of Purchasing Management International Conference & Inform-A-Show, Chicago, Ill.
- 17 - 20 Material Handling Institute Show, Civic Center, Philadelphia.
- 19 - 22 "Panorama For Progress" Apparel Exposition, Dallas, Tex.

- 23 - 26 National Restaurant Convention & Educational Exposition, Chicago, Ill.
- 23 - 27 International Congress of Food Science & Technology, New York, N.Y.
- 25 - 27 National Industrial Equipment Exposition Coliseum, New York, N.Y.
Technical Industrial Exposition, 34 West Putnam Avenue, Greenwich, Connecticut 06830.

JUNE 1971

- 7 - 9 International Computer Forum & Exposition, Chicago, Ill.
- 8 - 10 National Industrial Equipment Exposition, Coliseum New York, N.Y.
Technical Industries Incorporated, 34th West Putnam Avenue, Greenwich, Connecticut.
- 13 - 16 Energy Systems Exposition. New York, N.Y.
Note: Also held November 28 - December 3 1971, in Washington, D.C.
- 17 - 19 National Technical Conference, Boston, Mass.
- 20 - 23 National Association of Retail Grocers Convention & Exhibit, Philadelphia, Pa.
- 20 - 23 Convention, National Assoc. of Plumbing-Heating-Cooling Contractors & National Plumbing-Heating-Cooling Exposition, Boston, Mass.
- 20 - 24 American Institute of Architects Convention & Building Products Exhibit, Detroit, Mich.
- 20 - 24 The National Confectioners Association Convention & Exposition, Chicago, Ill.
- 23 - 26 Congress of the American Optometric Association, Houston, Tex.
- 25 - 27 Tapex, International Stamp Exhibition & ATA Convention, Rochester, N.Y.
- 26 - 30 International Clean Air Congress, Atlantic City, N.J.
- 26 - 30 National Printing Equipment Show, Chicago, Ill.
- 27 - 30 Consumers Electronics Show, Chicago, Ill.

(To be announced)
American Poultry Congress, Denver, Colo.

18 - 22 National Congress, National Retail Hardware Association, Denver, Colo.

AUGUST 1971

8 - 11 Food Service Executives Association International Convention, Milwaukee, Wis.

10 - 20 International Statistical Institute Session, Washington, D.C.

12 - 15 National Association of Barber Schools, Inc. Convention, San Juan, P.R.

24 - 27 Western Electronic Show & Convention (WESCON), San Francisco, Cal.

SEPTEMBER 1971

7 - 12 International Congress of Pharmaceutical Sciences, Washington, D.C.

11 - 15 National Tyre Dealers & Retreaders Association, Convention & Trade Show, Cincinnati, Ohio.

12 - 16 Public Works Congress & Equipment Show, Philadelphia, Pennsylvania.
1313 East 60th Street, Chicago, Illinois.

13 - 16 Construction, Industrial Machinery & Power Plant Engineering Display, Milwaukee, Wis.

14 - 16 International Plant Engineering Conference & Show, Anaheim, Cal.

16 - 18 Retail Tobacco Dealers of America Convention & Trade Show, New York, N.Y.

23 - 26 Marine Trades Exhibit & Conference, Chicago, Ill.

OCTOBER 1971

3 - 8 A. O. P. A. Plantation Party & Industry Exhibit, Las Vegas, Nev.

3 - 8 Water Pollution Control Federation Conference, San Francisco, Cal.

4 - 6 Truck Body & Equipment Association Exposition, Chicago, Ill.

4 - 7 Instrument Society of America Conference & Exhibit, Chicago, Ill.

10 - 14 National Hair Fashion Show, New York, N.Y.

11 - 14 International Poultry Industry Exposition, Cincinnati, Ohio.

11 - 14 National Hardware Show, New York, N.Y.

12 - 15 International Film & TV Festival of New York, New York, N.Y.

16 - 19 National Automatic Merchandising Association Convention & Trade Show, Chicago, Ill.

17 - 20 Produce Packaging & Marketing Convention & Exposition, Chicago, Ill.

17 - 21 Atom Fair, Miami Beach, Florida.
National Expositions Company Incorporated,
L4 West 40th Street, New York, N.Y.
10018.

18 - 20 National Packaging Forum, New York, N.Y.

18 - 21 Metal Show & Materials Engineering Congress, Detroit, Mich.

19 - 21 Metal Show & Materials Engineering Congress, Cobo Hall, Detroit, Michigan...
American Society for Metals, Metal Park,
Ohio, 44073.

20 - 22 United States Independent Telephone Association Meeting & Convention, New Orleans, La.

20 - 23 National Office Products Association Convention & Exhibit, Chicago, Ill.

23 - 25 Business Equipment Exposition, Coliseum, New York.
Prestige Exposition, LI West 42nd St.,
New York, N.Y. 10036.

24 - 29 International Brewing Industries Exposition, Cincinnati, Ohio.

25 - 30 Annual Meeting & Paint Industries Show, Detroit, Mich.

26 - 29 Footwear Management Conference & Exposition, Atlantic City, N.J.

31 - Nov 4
Farm Equipment Wholesalers Association
Dating Session & Factory Days, Denver,
Colo.

To be announced)
Business Equipment Manufacturers Association
Exposition, New York, N.Y.

31 - Nov 5
National Plastics Exposition, McCormick
Place, Chicago, Illinois... October 31 -
November 5 Clapp & Poliak Incorporated,
245 Park Avenue, New York, N.Y. 10017.

NOVEMBER 1971

1 - 5 National Plastics Exposition... McCormick
Place Chicago, Illinois, ... Society of the
Plastics Industry Inc. 250 Park Ave. New

York, N.Y. 10017.

NOVEMBER 1971

- 7 - 11 Material Handling Show & Seminar, Hollywood, Fla.
- 8 - 11 National Hotel & Motel Exposition, New York, N.Y.
- 13 - 11 National Frozen Food Convention, New York, N.Y.
- 14 - 15 National Barber Show, New York, N.Y.
- 15 - 18 Packaging/Converting Machinery Show, Atlantic City, N.J.
- 15 - 18 N.S.D.A. International Soft Drink Industry Exposition, Houston, Tex.
- 16 - 17 A.S.D.A. International Stamp Dealers' Bourse, New York, N.Y.
- 19 - 21 A.S.D.A. National Postage Stamp Show, New York, N.Y.

(To be announced)

Decorating Products Show, Chicago, Ill.

29 - Dec 3

Exposition of Chemical Industries... Coliseum, New York... International Exposition Company, Pan American Building, 200 Park Avenue, New York, N.Y. 10017.

DECEMBER 1971

- 11 - 15 American Academy of Optometry Convention, Miami Beach, Fla.
- 12 - 16 Clinical Meeting - American Society of Hospital Pharmacists, Washington, D.C.
- 26 - 31 Meeting of the American Association for the Advancement of Science, Philadelphia, Pa.
- 27 - 30 Exposition of Science & Industries-Convention Hall, Philadelphia, Pennsylvania... 1515 Massachusetts Avenue N.W... Washington, D.C. 20005.

(To be announced)

Annual Convention - American Hotel & Motel Association, Atlanta, Ga.

DIE CASTING CONGRESS FEATURES ROBOTS

Industrial robots, designed for hot, hazardous and tedious jobs, starred in that role at the recent Sixth Annual U.S. Die Casting Congress in Cleveland, Ohio.

They demonstrated their ability to consistently increase production on an hour-to-hour basis in actual loading, unloading, transfer and other production type operations.

Robots are being used increasingly by U.S. die casters of a wide variety of hardware, trim and parts. The robots can be programmed to handle the cycle of the die casting machine and monitor its own operation as well as the operation of the production equipment. They can move each casting through inspection devices and cull the rejects.

The robots maintain higher handling rates over long periods of time than human workers, and with no danger to anyone's health. They also are superior where product quality is dependent on precise repetition.

The two manufacturers of robots who demonstrated their devices at Cleveland can supply full information on robot capabilities, and even on methods of determining robot cost-earnings data, as they did for officials of die casting firms at the Cleveland Congress.

Firms outside the U.S. that seek such information can write: Unimation, Inc., 70 Durant Avenue, Bethel, Conn., 06801, and Versatron Division, AMF International, 261 Madison Ave., New York, N.Y. 10017.

Exhibitions & Programs at U.S. Trade Centers Abroad

Even if you are not planning to visit the United States you can still view advanced American products on the spot, order equipment, open agency agreement discussions, consider licensing proposals, and otherwise deal directly with American firms exhibiting their products at eight U.S. Trade Centers abroad: in London, Frankfurt, Milan, Stockholm, Tokyo, Bangkok, Paris and Sydney.

When you find yourself in any of these cities, a visit to the U.S. Trade Center could result in profitable contacts with American firms. And by scheduling your visits to these cities to coincide with major exhibitions at the Trade Center (see exhibition calendar below) you can insure that you will see the best products of American industry in your field of interest.

Before you leave, you may find it helpful to contact the Commercial Offices at the American Consulates General in Johannesburg, Cape Town or Durban. They will be pleased to extend to you an official invitation to visit any of the Trade Centers, and to advise the Director of the respective Trade Center abroad of your plans. While this is desirable, you will be welcome nonetheless at the Trade Centers without advance notice.

Foreign Trade Promotions for U.S. Products

March 29 - April 2	-	PARIS	-	Automotive Diagnostic & Repair Equipment
**April 14 - 25	-	MILAN	-	Dairy Processing and Poultry Equipment
April 19 - 24	-	STOCKHOLM	-	Pulp & Paper Production & Conversion Eq.
April 26 - 30	-	LONDON	-	High Performance Production Materials
*April 26 - 30	-	BANGKOK	-	Air Conditioning & Refrigeration Equipment
May 10 - 14	-	FRANKFURT	-	Production Equipment for the Electronics Industry
May 17 - 21	-	LONDON	-	Nucleonics Instrumentation
May 17 - 22	-	TOKYO	-	Materials for the Electronics Industry
June 7 - 11	-	PARIS	-	Industry Oriented Computer Equipment
June 7 - 12	-	TOKYO	-	Chromatography & Spectroscopy Equipment
June 7 - 12	-	STOCKHOLM	-	Packaging Machinery, Materials & Containers
June 8 - 12	-	MILAN	-	Advanced Medical Equipment
June 21 - 25	-	LONDON	-	Industrial Separation Systems
June 21 - 25	-	FRANKFURT	-	Metallurgy Equipment
June 21 - 25	-	SYDNEY	-	Quality Control Equipment
July 21-24/29-31	-	OSAKA/TOKYO	-	Input/Output Computer Devices
*Sept. 6 - 10	-	MILAN	-	Measuring & Test Equipment for the Electronics Industry
*Sept. 20 - 25	-	STOCKHOLM	-	Industrial & Educational Training Equipment
*Sept. 27-Oct. 1	-	PARIS	-	Industrial Security Equipment

Additional information on the Trade Center shows may be obtained from the respective Trade Center Director:

<u>Trade Center</u>	<u>Director</u>	<u>Location</u>
Bangkok	Brooks Ryno	971 New Road, Bangkok, Thailand
Frankfurt	Gustaf Coontz	Bockenheimer, Landstrasse 2-4, Frankfurt am Main, Germany

<u>Trade Center</u>	<u>Director</u>	<u>Location</u>
London	Harry W. Heikenen	57 St. James's Street, London, S.W. 1 England.
Milan	Martin Stahl	Palazzo Agricoltura, Via Gattamelato, Milan, Italy.
Paris	George Borrowman	U.S. Trade Center, 123 Ave., deNeuilly, 92 Neuilly, France
Stockholm	Richard Garnitz	Vasagaten, 11 Stockholm C., Sweden.
Sydney	Chester Norris	U.S. Trade Center, Box R 215, Royal Exchange, Sydney, Australia.
Tokyo	Edward Simmans	Tameike Tokyo Bldg., 1-14 Akasaka, 1 chome, Minato Kue, Tokyo, Japan.
U.S. Commercial Exhibitions will also be featured in the following international trade events:		
April 19 - 24	PARIS, FRANCE	CHEMIE (Chemical Processing Eq. & Instrumentation)
May 14 - 18	TOKYO, JAPAN	4th Automatic Controls Fair (Advanced Automation Systems)
May 17 - 23	CARACAS, VENEZUELA	U.S. Solo Exhibition (Agribusiness, Food Processing & Packaging Eq.)
May 18 - 21	LONDON, U.K.	International Electronics Components Exhibition.
May 27-June 6	PARIS, FRANCE	International Aeronautical & Space Show (Aerospace & Ground Support Eq.)
June 8 - 12	BASEL, SWITZERLAND	PROAQUA-PROVITA (Water and Air Purification Equipment)
June 8 - 15	TEL AVIV, ISRAEL	International Trade Fair (Selected Industrial Equipment)
June 24-July 11	KINSHASA, D. R. OF CONGO	International Trade Fair (Selected Industrial Eq. & Consumer Goods)
July 13-24	LONDON, U.K.	IPEX (Printing Equipment)
Sept. 14 - 18	HELSINKI, FINLAND	Helsinki Int'l. Trade Fair (Selected Industrial Equipment)
Sept. 16-23	DUSSELDORF, GERMANY	KUNSTOFFE (Plastics Production Eq.)



New Products, Business Opportunities & Licensing & Franchise Proposals & Technical Literature

AIR CLEANING UNIT - A room air purification unit is designed for use in hospitals, offices and homes to remove irritant particles down to 0.3 microns as well as gaseous contaminants from the air. It is floor-mounted in a wood-grain cabinet measuring 37 x 26 x 15 in (95 x 67 x 38cm) and has a capacity of 300 cu. Ft (8,500 liters) of air per minute. The main filter has a life of from two to four years and the blower is fitted with an electronic speed control. The unit is available for various voltages and frequencies. Write: Airclean Corp., 1202 Tappan Circle, Carrollton, Texas, 75006.

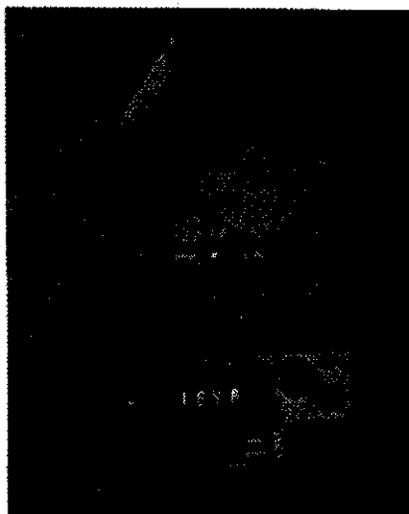
COMPACTING AUGER - A power compacting auger-reamer is designed for the use of utilities for extending cables or conduits under paving or railroad tracks. The unit is equipped with a hydraulic drive that powers a compacting reamer on a cable for a distance of up to 200 ft (60m) at a speed of 3-to-8 ft per minute at diameters of up to 3½ in (8.9 cm). A cable or conduit is drawn through the hole as the reamer is withdrawn. The unit is powered by an 8 hp gasoline engine and the weight of the unit is 425 lbs (193 kg) which permits transport with a pick-up truck or station wagon. Firm seeks distributors but will make direct sales to utilities. Licensing arrangements available. Write: Westmart International, Inc., 444 Market St., San Francisco, Calif. 94111.

POULTRY DEBONING MACHINE - A power deboning machine for poultry backs, necks and wings removes the raw meat from the bones to produce a paste-like meat product for use in soups, sausages, spreads and patties. The machine is of stainless steel construction and powered by an electric motor to handle from 90 to 300 lbs (40 to 120 kg) per hour. It is operated by one person and is adjustable as to the degree of extraction. It is made in larger capacities and also in models for use in deboning fish and various red meats. All parts are readily accessible for easy cleaning. It has been accepted by the U. S. Department of Agriculture for operation in plants under the Department's inspection. Write: Beehive Machinery, Inc., 2985 South 2nd St., Salt Lake City, Utah, 84115.

SAND SCREENING PLANT - The "Sandpiper" is a sand and screening plant for operation by one man. It is powered by an electric-starting gasoline engine that operates a hydraulic system for elevating the screening units from horizontal to 18 degrees and driving a hydraulically-operated and tensioned variable-speed conveyor belt. A telescoping conveyor permits ease of towing. The unit is designed for loading of trucks at a rate of 2 cu. yds. (1.4 cu. m)

per minute from a pit containing 80 percent minus granular material when using a screen with half-inch (1.27 cm) openings. Write: Machinery Inc., Route No. 1, Falmouth, Moine, 04105.

LETTERING SYSTEM - A set of clear plastic lettering guides is the basis of the "Unimark" lettering and labeling system which can produce lettering in three sizes on pressure sensitive tape for labeling or on other material. Nylon-tipped pens, designed for use with the system, are available in five colours and tapes can be in colors, gold and silver foil, and transparent acetates. The three sizes are 5/8, 3/8 and 1/4 in (15.87, 9.52 and 6.35 mm) in height. Write: Kenneth F. Farman, Unifine Corp., Union City, Calif. 94587.



METAL IDENTIFIER - The "Met-L-Chek" is a thermo-electric instrument for quick identification of ferrous and non-ferrous metals and alloys which has been developed for producers, users and reclaimers of wire, strip, rod and bar products who need quality assurance and a method of preventing misuse of expensive alloys. The instrument relates thermo-electric measurements to the chemical composition of a material at a controlled temperature in conjunction with a reference standard. The unit has solid state components and thermo E. M. F. (voltage) is displayed on a digital meter. The Model 120A, which does not require a trained technician for its operation, is said to be able in many instances to

distinguish between different "melts" or batches of the same alloy. It handles tests on sizes ranging from 0.002 in to 5/8 in (0.0508 mm to 15.87 mm) diameter or width. It is available as standard for 105/125 VAC, 50/60 HZ or 210/250 VAC, 50/60 HZ. Write: Quality Assurance Instruments, Inc., P. O. Box 2585, St. Louis, Mo. 63114, or factory at 37 Shady Valley Drive, Chesterfield, Mo., 63017.



GAS FLOWMETER - A "NCG" gas flowmeter has a "Lexan" polycarbonate resin case to provide durability and is designed with a green, black, and silver color scheme to make possible instant readings at a glance. The interior has a solid aluminium casting to provide protection for the control valve and the valve moves in and out of its seating without rotation to assure protection against leakage. The control switch can be operated with a thumb or one finger. Write: Chemetron Corp., International Div., 737 North Michigan Avenue, Chicago, Ill. 60611.

DEPTH FINDER - A compact depth finder that can be used as a fish scout by pleasure fishermen will fit into a tackle box and weighs slightly over a pound (500 grams). The unit consists of a solid state electronic meter, a transducer with 8 ft. (2.5 m) of cable, a transducer bracket and an instruction manual. The sonic cone generated by the transducer normally gives the water depth reading on the meter but when a large fish swims into the cone it registers the depth of the fish and then returns to the bottom indication. Write: Vexilar, Inc., 1531 East Franklin, Minneapolis, Minn. 55404.

COMBUSTION ANALYZER - The Model WDG analyzer is an instrument designed to monitor wet, dirty combustion gases without a sample-conditioning system. It is based on a ceramic-electrolyte fuel cell that measures excess oxygen or excess fuel,

whichever may be present. The entire sensing package mounts on the outside of a combustion chamber and the gas flows downward past the outside of the fuel cell, which is mounted axially inside a metal tube. The fuel cell produces a DC voltage to indicate the percent of excess oxygen or fuel when it is maintained at the required temperature by a small heater surrounding the chamber. It has a solid-state temperature controller and a readout meter. Write: Thermo-Lab Instruments, Inc., 1312 William Flynn Highway, Gleneshaw, Pa. 15116

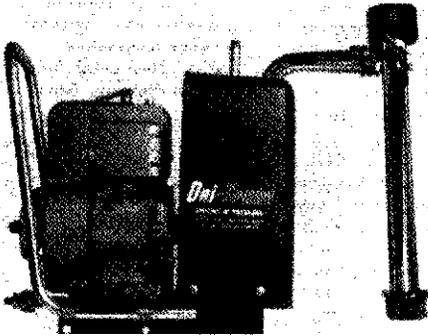
BRUSHLESS MOTOR - A brushless DC motor of 1/100 hp consumes less than 1 ampere of power from a 12 volt source. The self-contained motor, which is made in both a square open frame and a round enclosed frame, is designed for low torque applications such as high-speed blowers, fans and boost pumps for volatile fluids and explosive atmospheres. Operation is quiet and cool with no arcing or generation of radio frequency interference. Write: Enertron Corp., 2527 Kaneville Road, Geneva, Ill. 60134.

FISH SPOTTER - A fishspotter and depth gauge, which derives its power from eight standard "C" cell flashlight batteries, is a self-contained solid-state unit. Its electronic transducer can be mounted through a boat hull or can be fastened temporarily on a removable bracket on the boat's gunwales. Write: Bushnell Optical Corp., Pasadena, Calif. 91107.

VIBRATORY ASPHALT ROLLER - The SPVA-725 is a self-propelled vibratory roller for the compaction of asphalt on roads, driveways and courtyards. It has a static weight of 14,000 lbs (6,342 kg) and a drum that is 84 in (2.13 m) wide. The vibrator operates in a range of from 900 to 1,500 vpm, thus giving an impact force to a surface of approximately 25,000 lbs (10,000 kg). The roller, which powered by a 40 hp gasoline engine, has a reversible eccentric vibrating shaft which permits vibratory impaction of asphalt when the machine is moving both backward and forward. Write: Bros Products Div., American Hoist & Derrick Co., 63 South Robert St., St. Paul, Minn. 55107.

SELF-POWERED NAVIGATION BEACON - A transportable, self-powered airways navigation beacon is designed for installation, even by helicopter, in remote and inaccessible areas to provide air navigation where power is not available or reliable. It is powered by a radio-isotope thermoelectric generator with a design life of five years before refueling. The integrated system can be used to establish navigation fixes by existing aircraft without modification to the craft's radio. The complete unit is 3 ft (92 cm) in diameter, 4 ft (122 cm) high, and weighs 1,500 lbs

(680 kg). The system is operationally-effective as to cost with standard U. S. Federal Aviation Agency's omni stations. Write: Sander Nuclear Corp., 95 Canal Street, Nashua, N. H. 03060.



AIRLESS PAINT SPRAYER - The "Dri-Spray" Model 816-C is an airless paint sprayer that handles most commercial coatings, including epoxies, asphalt, roof sealers and industrial enamels. It is powered by a 4 hp air-cooled gasoline engine and weighs 68 lbs (31 kg) and can be carried in the luggage compartment of most automobiles. The paint intake inserts into any paint can up to the one-gallon size and the unit is ready to operate. It can be cleaned by setting the intake into a can of cleaner and operating briefly. It is a high-pressure unit with a simple adjustment that permits regulating pressure for the job or hand. It is equipped with a hand-held spray gun and a 25 ft (7 m) of hose and accessories are available. Write: Dri-Spray, 14335 East Eight Mile Road, Warren, Mich., 48089.

PIPELINE INTERFACE DETECTOR - The Model 6200 pipeline interface detector uses sound velocity to identify products in an oil or other pipeline and to signal the passage of an interface between two products. The instrument is an outgrowth of the 6100 velocimeters used in chemical process industries to measure concentration, solids content, and specific gravity of products in process streams. The device can be used with crude oil, liquified petroleum gas and all other types of petroleum products. It has the capacity to distinguish between slight differences in pumped medium and the resulting signal of change can be used to trigger an alarm or actuate a valve. Write: NUS Corp., Electronic Systems Div., Paramus, N. J. 07652.

DRUG IDENTIFICATION KIT - A custom master kit containing test equipment and 11 reagents is designed for the use of police for on-the-scene identi-

fication of amphetamines, opiates, barbiturates, cocaine, LSD, marijuana, hashish, methedrine, and such common drugs as aspirin, antihistamines and antacids. The kit is made of a high-impact resisting plastic and each reagent is contained in color-coded, leakproof plastic bottles for squeeze-controlled dispensing. The kit also contains plastic tubes for holding evidence or running tests, six-test plastic spot plate, stirring rod, instruction manual and check lists. Distributors in all areas and in licensing arrangements. Write: Valtax Toxicology Laboratories, Davis, Calif. 95616.

ALL-TERRAIN VEHICLE - The "Trackster" is a twin-tracked vehicle designed for use in rocky, sandy, snowy or marshy terrain. It can carry two men and their work or sporting equipment. It is powered by an air-cooled, two-cylinder, 25 hp engine, and utilizes twin hydrostatic transmissions to deliver power to 15½ in (39 cm) wide rubber tracks which ride on individually-suspended bogie wheels. Speed and turning are both controlled with a single "T" handle control. It climbs 45-degree grades and turns on its own center. A 12 volt electrical system provides lights and key-operated starting and charging for the standard automotive battery. Top speed is 16 mi (25 km) per hour and gasoline capacity is 10 gal (37 liters). An optional flotation ring permits crossing shallow ponds and streams. Write: Cushman Matars, Lincoln, Neb. 68501.

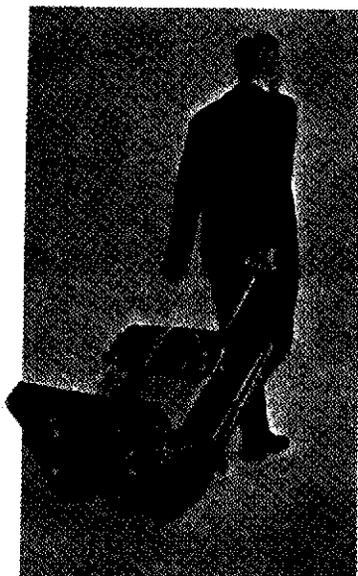
REFLECTING FILM - A solar-reflecting film, termed "Therm-O-Lux", is a microscopically thin aluminum vacuum-applied to transparent polyester film and sealed with a second layer of polyester to provide two-way insulation for glazed areas. The manufacturer says it adheres directly to glass and will keep out up to 85% of radiant heat while allowing diffused daylight to enter in the summer and helping to retain heat in the winter. Firm seeks distributors in all areas and is interested in licensing arrangements. Write: Therm-O-Lux International, Inc., 45 Winn St., Burlington, Mass., 01803.

VOLTAGE SURGE ARRESTOR - A voltage surge arrestor utilizes a ceramic to metal gas tube with three electrodes to insure instant grounding. It is made in different series for use in telephone, data and other circuits as well as in alternating current power lines. Write: Telecommunications Industries, Inc., 71 Verdi Street, Farmingdale, N. Y. 11735.

PERMANENT MAGNET ELECTRIC MOTORS - A major U. S. producer of permanent magnet electric motors seeks licensees for the Ohio P-M permanent magnet electric motor line through 7-1/2 horsepower. Firm has extensive knowledge in the field of perma-

nent magnet electric motors with many successful industries applications. Write: Edward H. Richard, Ohio Electric Motors, 5400 Dunham Road, Maple Heights, Ohio 44137.

SPOT WELDER - The Model 5045 Mig spot welder consists of a Mig spot Weld head and control panel designed for use with wire feeder and CP power source. The head makes spot welds from one sheet side without backup electrodes or high clamp pressures. The manufacturer says this reduces cost and bulk of multiple spot weld fixtures and eases changes in weld location. Write: Auto Arc Division, National-Standard Co., 22000 Lunn Road, Strongsville, Ohio, 44136.



OFFICE MACHINE CART - A small folding cart is designed for use by sales and delivery men in transporting office machines weighing up to 75 lbs (34 kg) it is of tubular aluminum construction with two rubber-tired wheels and a telescoping handle to facilitate use on stairs. The cart can be folded with a machine on it to fit in a small automobile luggage compartment. It is made in several models. Write: Ferno-Washington, Inc., 913 Lincoln Way West, South Bend, Ind., 46616.

SMALL FIRE ENGINE - A multi-purpose dry chemical fire engine, the "Fire Robot", is a spherical

unit mounted on three wheels, of which the front one pivots. The unit, designed for one-man-operation takes a 150 lb (68 kg) charge of a dry, foam-compatible ABC chemical, with a temperature range of minus 40 to plus 120 F (minus 40 to 50 C). It has a discharge range of 70 ft (21 m) and a minimum discharge of 30 seconds. The Underwriters' Laboratories rating is 40A-160BC. Write: Buckeye Fire Equipment Co., 4103 Detroit Ave., Cleveland, Ohio 44113.

TRANSISTOR TESTER - An inexpensive portable transistor tester for unskilled operators, is designed for use in semiconductor manufacturing facilities and engineering laboratories. It gives measurements on any transistor and provides a meter readout of device Beta (gain, breakdown voltage and leakage). It also will indicate if a semiconductor is NPN or PNP, and whether it is silicon or germanium. Transistors can be inserted into the test socket without regard to emitter, base or collector lead. The unit operates on 120/240 volt AC, 50/60 cycle current. Write: Paul Hart, Varadyne Instrumentation, Inc., 1060 Bubb Road, Cupertino, Calif. 95014.

NUMERICAL CONTROL UNIT - The Summit Model 8100 numerical indexer is a miniature unit designed for low-cost numerical control with a variety of machine tools, process controls and other applications. It is solid state with IC logic and is programmed from a 1-inch (2.54 cm) perforated paper tape. It also can be controlled from TTY, computer or data phone. It has a manual control console with eight segment, programmable display, and can control up to seven independent incremental axes of a variety of sizes and shapes. Write: L'Nard International, 4040 Nicolet Ave., Los Angeles, Calif. 90008.

DIGITAL WIND DISPLAY - A digital wind-speed and wind-direction display instrument is designed for use in weather stations and airport control towers. A solid state computer unit takes data from a cup type anemometer and a vane type pointer and converts it to a non-blinking electroluminescent digital display of wind direction and speed, with the speed in either knots or miles. Readings are accurate to plus-minus one digit and are updated every few seconds. Power source may be 110 volts, 60 Hz, or 12 volts DC. Write: Computech, Inc., 5197 East Farnhurst, Cleveland, Ohio, 44124.

SOLAR COOKER - A portable solar cooker is designed for camping, boating and other recreational uses. It utilizes parabolic reflectors to concentrate the sun's heat along the axis of a skewer. The unit weighs 1 lb (450 grams) and measures 13 x 13 x 4 in (33 x 33 x 10 cm). Manufacturer seeks sporting goods

firms as distributors and dealers. Write: Davis Instruments Corp., 857 Thornton St., San Leandro, Calif. 94577.

INSPECTION MACHINE - The Portage 3-axis inspection/measuring machine is designed to reduce inspection time by eliminating multiple setup errors and permitting measurement of all linear dimensions, plus bore locations and shape, taper, oval and true alignment with a single setup. It has a capacity of up to 76 x 56 x 56 in (193 x 142 x 142 cm) and is available with electronic printout of dimensional readings. Write: Portage Machine Company, 1025 Sweiter Ave., Akron, Ohio, 44311.

SPECIAL WRENCH - The "Loc-Rite" is a wrench configuration designed to provide improved wrenching on nuts and fasteners through use of a series of cams or lobes. The wrenches and socket wrenches give five points of contact on a hex nut with each point back from the corner. Write: Export Dept., Utica Tool Co., Cameron Road, Orangeburg, S.C., 29115.

UTILITY HEATER - An electrically operated utility heater with a capacity of 5,121 BTU has a steel housing and universal mounting that permits it to be installed on the floor, wall or ceiling with quick dismantling for portability. It has a motor-driven fan with thermal over load protection, automatic dial-set temperature control, and adjustable louvers. The unit, which operates on 110-120 volts, 60 Hz, draws 1.5 kilowatt at 13 amperes, weighs 21.3 lbs (9.6 kg) and measures 11 x 12½ x 10½ in (28 x 32 x 27 cm). Write: Twyco, Inc., 110 North High Street, Gahanna, Ohio, 43230.

GROUND FAULT UNIT - An electric ground fault detector-interrupter is designed for installation in an electrical distribution system to provide control of current flow in ground faults and eliminate shock, sparking and equipment damage. Detection and limitation of ground fault current flow can be obtained down to 2 microamps without affecting load current or voltage. The unit can be arranged to supply audible, visual warning or 0.01 second disconnect in case of ground fault. Firm seeks distributors/agents in all areas and will consider licensing. Write: J.H. Roberts, C.J. Rogers Enterprises, Old Rice Mill, Lockwood Blvd., Charleston, S.C. 29401.

PROGRAMMABLE DISPLAY SYSTEM - The PDS-1 is a text and graphics oriented computer display terminal that has stand-alone and remote batch capabilities. Variable width and height symbols and character for various languages can be designed from the keyboard and assigned keys. The 16-bit mini-

computer can be programmed to perform computer-aided engineering design work down to everyday publishing and formatted data entry tasks. A range of peripheral options and magtape interfaces is available. Power supplies are designed to accept 50 to 400 Hz from 90 to 250 volts. Firm interested in obtaining distributors or licensing agreements. Write: E. Abrahamson, International Operations, IMLAC Corp., 296 Newton Street, Waltham, Mass., 02154.



LARGE CONTACT PRINTER - The Colight pneumatic contact printer is for making full scale templates on wood, metal paper or films and is available in models with exposure areas up to 100 x 300 in (2.54 x 7.6 m). It has an air-operated vacuum frame lid and the vacuum pump provides contact between film and sensitized material in from 20 to 25 seconds. The exposure area has a sheet of half-inch (1.27 cm) plate glass. The unit has optically-spaced incandescent bulbs and fluorescent tubes and an operator can use both light sources separately or in unison. Safelights assist in making registration. Manufacturer can build larger sizes to customer's specifications. Write: Colight Inc., 123 North Third St., Minneapolis, Minn. 55401.

MICROWAVE SOURCE - An ultra stable resonator-controlled microwave source achieves its frequency stability by use of a resonator fabricated from a low-expansion titanium silicate that exhibits a thermal expansion co-efficient of essentially zero over a wide temperature range. The titanium silicate is analogous to a microwave crystal; it reduces the required circuitry and avoids generation of harmonics and noise. Development of resonator-controlled sources is currently practical between 900 MHz and 15 GHz. Tunable ver-

sions are available that permit use of RCS as a tunable local oscillator in a wideband receiver. Write: Advanced Technology Group, Corning Glass Works, Corning, N. Y., 14830.

MINIATURE COUPLING - The Uni/Flex is a stainless steel flexible coupling that is balanced to permit high rotation speeds with minimum vibration and consequent damage to bearings and packings on shafts in driving or driven components. The couplings can be used for angular shaft misalignments of as much as four degrees and they are made in eight sizes, ranging from 1/8 to 5/16 in (3.17 mm to 7.92 mm). Write: Sterling Instruments Div., Designotronics, Inc., 55 South Denton Avenue, New Hyde Park, N. Y. 11040.

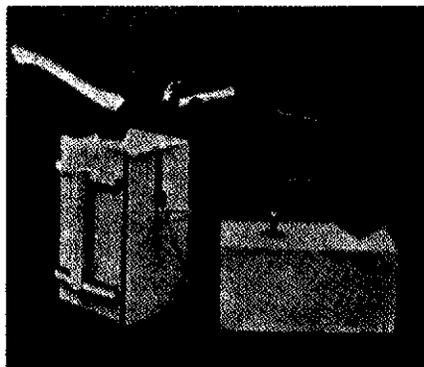
LAMP DIMMER - A solid state lamp dimmer that controls the brightness of illumination of an ordinary electric light bulb operates by reducing the wattage flowing into the lamp, which the manufacturer says increases the life of the bulb. In use the dimmer is screwed into the light socket and the bulb is then screwed into the dimmer. The brightness of the light can then be regulated by turning the lower section of the dimmer which is made of nylon. Write: Chemelec Products, Inc., 8 Fellowship Road, Cherry Hill, N. J. 08034.

SPRAYING SYSTEM - A high volume electro-static spray system for coating materials uses a gun similar to the standard EGD guns but utilizes a cigaret-size high voltage generator to produce an electrostatic charge of from 60,000 to 150,000 volts on the coating material. The manufacturer says this permits the gun to spray up to 50 oz (1.4 kg) of coating material per minute. The guns are available in both manual and automatic models. Write: Electro Gas Dynamics, Inc., Littell Road, Hanover, N. J. 07963.

COOLED BLASTER'S HOOD - The Model AC-4X air conditioner is designed to supply cool air to the hood of a sandblastoperator when working in areas of excess temperature. It also can be used to supply cool air to men or equipment in other operations. The air conditioner unit has a control dial that clamps to the operator's belt to permit him to regulate the temperature of the air flowing into his hood through an air line. Write: Empire Abrasive Equipment Corp., 9990 Gentry Road, Philadelphia, Pa., 91115.

UTILITY PUMP - A small pump, called a "Liquid Lifter", can be powered by an ordinary 1/4 in (6.3 mm) electric drill to pump boat bilges or transfer oil. The pump is less than 3 in (7 cm) in diameter and has two suction tubes to give access to liquids in confined areas, such as gear boxes, and a flexible discharge hose that is 5 ft (1.5 m) long. Powered by a drill

operating at 2,400 rpm, the unit will pump 24 quarts (23 liters) per minute. Write: Huber Industries, Inc., 4962 Hillside Avenue, Cincinnati, Ohio, 45233.



BUILDING MATERIAL - A transportable foam concrete mixer, equipped with a pump and either electric motor or gasoline engine utilizes, sand, water and a special chemical formula to produce a lightweight concrete with evenly-distributed air cells that can be pumped up to 20 stories for pouring in place over roofs or on floors for thermal and acoustic insulation. It also can be used for casting lightweight blocks and panels for partitions and in low-cost housing. The "Aerofaam" concrete can be sawed, drilled, nailed glued and channeled and is less expensive than ordinary concrete. Mixing equipment produces up to 50 cubic meters in eight-hour day. Firm interested in licensing process to contractors on exclusive basis. Write: LATCO, 44 Beaver Street, New York, N. Y., 10004, or firm's regional office New Malos Bldg., Manara, Beirut, Lebanon.

STATOR WINDER - The Model 36LW36 automatic stator winding machine has the capacity to handle stators of an overall dimension of 40 in (101 cm) and also can be tooled to wind large rotors. Only one operator is required to load and unload the machine. Write: Lincoln Tool and Manufacturing Co., 1000 South 5th Street, Milwaukee, Wis. 53204.

SCREEN SEPARATOR - The "Porta-Sifter", a compact, caster-mounted circular vibratory screen separator, is designed for small plant and laboratory use. It stands 4 ft (120 cm) high on a 23 x 23 in (58 x 58 cm) base and features a 24 in (61 cm) diameter circular screen for making separations ranging from 0.5 to 0.0014 in (12.7 to 0.03556 mm). Made of Type 316 stainless steel, can be used in the chemical, food, ceramics, paint and other industries. Write: Koson Corp., 231 Johnson Ave., Newark, N. J. 07108.



HYDRAULICALLY-POWERED CHAINSAW - The Mark 11 hydraulically-powered chainsaw was developed for the use of street maintenance and utility crews in trimming shade trees, especially in hospital and other areas where a low noise level is a desirable factor. It also has the advantage of light weight, since it weighs only 10 lbs (4.5 kg) but has a 4 hp motor that operates off the hydraulic system of an aerial lift, truck or tractor. It has a 1/4 in (6.4 mm) cutting chain and a 12 in (30.48 cm) bar and can handle an 8 in (20 cm) cut. The central tubular shaft, which serves as a handle, is available in various extensions to provide a maximum length of 8 ft (2.45 m). It is available with an aluminum tubular extension or a fiberglass insulated extension for use near power lines. Write: Limb-Lopper Co., Inc., Santa Fe Springs, Calif. 90670.

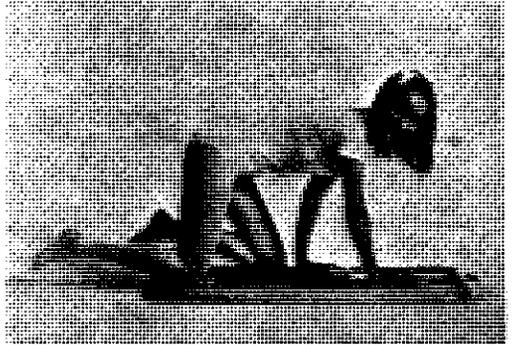
WORLDWIDE SECRETARIATS - New York based firm with branch offices in many countries seeks licensee for its worldwide secretarial network. Offices and licensees specialise in multi-lingual secretarial services, temporary office facilities, messages, mail receipt and telephone centers catering to both local and travelling foreign businessmen. Write: International Telephone Answering Co., 120 Liberty Street, New York, N.Y. 10006.

FANS & BLOWERS - Manufacturer of fans and blowers for general ventilation, air conditioning, material handling, pollution control, dust collection, etc., seeks licensees in West Germany, France, U.K., Japan, Republic of South Africa and Iran. Write: J. J. Lambert, Director, International Sales, Chicago Blower Corp., 1675 Glen Ellyn Road, Glendale Heights, Illinois 60137.

INDOOR AIR POLLUTION CONTROL - Purafil, a patented agent to control gaseous air pollutants, is used in pellet form in special freestanding air cir-

culating and purifying units in closed areas such as textile mills, autopsy rooms, electrical control areas, computer rooms, and residential spaces (homes, hotels, etc.). It is also installed in ventilation systems for control of recirculating and outside air in institutional, industrial and commercial buildings, sports arenas and homes. For licensing details contact Marborn International, P.O. Box 68, Washington, West Virginia 26181.

KITCHEN FIRE EXTINGUISHER - An automatic dry chemical fire extinguisher unit protects deep fat fryers in hotel kitchens by detecting and automatically extinguishing fires. The unit consists of a stainless steel pressurized chemical container, a fusible link bracket that attaches to the fryer, a cable spring tension control box and two horn-type discharge nozzles. The chemical container has a dial that indicates pressure. The fusible bracket link melts at 360 F (182 C) and actuates the spring tension system to bring the extinguisher into action. Several accessories are available for the unit, including an automatic closure valve for gas-operated fryers, an automatic switch for electric fryers and an audible alarm. Write: American & Far Eastern Trading Co., 24 California St., San Francisco, Calif. 94111.



EXERCISE MACHINE - The "Exer-Cor" is a portable exercise machine that utilizes two hand carriages and two knee carriages with a linkage to provide a "cross-lateral creeping motion" for the improvement of muscles and coordination. The machine can also be used in standing and other positions. Write: Transworld Licensees, Ltd., John Hancock Center, Chicago, Ill. 60611.

CIRCUIT ETCHING KIT - An electronic circuit etching kit enables engineers and researchers to design and

produce their own copper-*teflon* millimeter components, including waveguides, microwave antennas, stripline and other circuit board devices without a darkroom. The kit contains assorted thicknesses of 6 x 6 in (15.24 x 15.24 cm) copperclad *teflon* sheets, with photosensitized copper on one or two sides, and necessary chemical and other supplies. Larger sheets in other weights and thicknesses are available from the kit manufacturer. Write: Chem-Kit, Chemelec Products, Inc., Cherry Hill, N. J. 08034.

DUST MOP/BROOM - The "Flor-A-Dora" dust mop/broom is made of plastic fiber mounted in a wood block encased in a plastic shell. Handle is 48 in (1.2 m) long. The combined broom and dust mop is washable, odorless and is said to greatly outlast ordinary brooms. Packed in one dozen lots of assorted colors; weight is 17 lbs (7.7 kg) per dozen. Write: Richard Schanz, Houston Lighthouse for the Blind, 3530 West Dallas St., Houston, Tex. 77019.

PROSTHETIC HEART VALVE - The Lillehei-Kaster pivoting disc heart valve uses a free floating Pyralite carbon disc in a titanium housing. The valve is designed to provide improved flows at lesser gradients with bio-compatibility. Aortic and mitral sizes are from 14 mm to 25 mm. Write: F. W. Child, Washington Scientific Industries, Inc., Long Lake, Minn. 55356.

WELDING UNIT - A compact gas shielded arc welding unit operates automatically and can handle wires from 0.030 to 3/32 in (0.762 mm to 2.379 mm) diameter in hard, soft and cored stock for welding both ferrous and non-ferrous metals. The unit utilizes "Rotowelder" and "Spotrol" control panels to permit circumferential welding. Write: Socar Trading Co., Inc., 101 Broadus St., Greenville, S. C. 29601.

FISHING LURE - The "Lau Lure", which has a shaped head that causes it to spin and flash reflecting colors from beads is a treble hook lure with a yarn skirt and a safety snap for changing hooks. Available in five sizes and colors. Write: Aitken-Warner Corp., 427 Beech Street, Green Camp, Ohio, 43322.

WALL COVERING - A wall covering made of Dupont Dacron and vinyl in a wide range of patterns including metallics and bald stripes, is also produced in washable Creslan acrylic flocks. All the coverings can be hung with the traditional wheat paste used for wall papers and can be removed without special steaming or soaking. Write: Lennon Wallcoverings, 807 Fourth Ave., Joliet, Ill. 60434.

MARINE AUTOPILOT - The Encon Model 77 is a marine autopilot designed for use on commercial and

pleasure craft up to 125 ft (42 m) length. The device has solid state circuitry on a removable circuit board and an infinite number of control settings for boat speed and sea conditions. It is compatible with 12, 24 or 32 volt DC systems and is made in models for either hydraulic or mechanical steering. Average power requirement is 80 watts. Write: Paschall Int. Corp., 5301 Shilshole Ave., Northwest, Seattle, Wash. 98107.

GOLF TRAINING DEVICE - The "Time-Rite" golf teaching aid is designed to help golfers develop the correct timing of wrist action in the downward swing of a golf club. It is a tubular device which can be attached to the shaft of a golf club. It has a magnet and a set of steel balls to permit selection of the proper ball for the strength of a golfer's swing. The device is designed so that in practice the click of the released ball against a cap on the tubular device will tell the golfer when he has achieved the correct swing. Write: G. A. B. Enterprises, 2108 West Solano Drive, Phoenix, Ariz. 85015.

FOAM LAMINATION - A urethane foam lamination on an olefin base, termed "Harvel", can be sewn, electronically welded, or sealed with a compatible adhesive. It is made in rolls of up to 72 in (1.82 m) wide in either single or double side foam ply. It has the soft feel of foam with the strength of a lamination, and flexibility and waterproof characteristics. The manufacturer says its antibacterial face and its cost make it suitable for use in the medical field. Write: Max Ratner, Hartford Textile Corp., 444 Park Avenue South, New York, N. Y. 10016.

FOLDING PARTITION - The "Won-Door" dual-wall, folding partition is made in models that serve both as a sound barrier and a fire barrier but are available in soft linen and wood grain finishes to serve in any decor. The doors have a dual track system, with a perforated fascia which fits between the tracks to create a patented air-release system. The interior of each wall is lined with a fireproof continuous blanket to form both the sound wall and fire barrier. Write: The Won-Door Corp., 3215 South 8th West, Salt Lake City, Utah 84119.

FISHERMAN'S PLIERS - Split ring pliers designed for the fisherman's tackle box, have a pointed tooth on the end of one section of the jaws and can be used to crimp split shot onto a line, spread a split ring for easy attachment on tackle items, and crimp sleeves to form a slip-proof loop on fishing leaders. Write: Worth Company, Stevens Point, Wis. 54481.

BATTERY-OPERATED CLOCK - The Model 702 desk clock utilizes a transistorized movement that the man-

ufacturer says can be operated for one year on a flash-light battery. The clock has a spun brass, ball-type case with a concealed setting mechanism. The dial is satin silver with gold tone markers behind a 4 in (10cm) curved crystal. The overall height of the clock is 5 in (12.7cm). Write: Shatas Clock Co., Commerce Camp Campus, Middlebury, Conn. 06762.

OPTICAL PAGE READER - The Model 170 Page Reader is an optical character recognition system that can scan pages of variable size at 100 characters per second. It is applicable for text input in the publishing industry and for input in electronic data processing applications. Output can be on punched cards, punched paper tape or magnetic tape. The editing facilities permit corrections to be made to manuscripts in any stage of preparation - during typing, after proof-reading and after optical reading. Write: G.S. Bush, Treasurer, CompuScan, Inc., 900 Huyler Street, Teterboro, N.J. 07608.

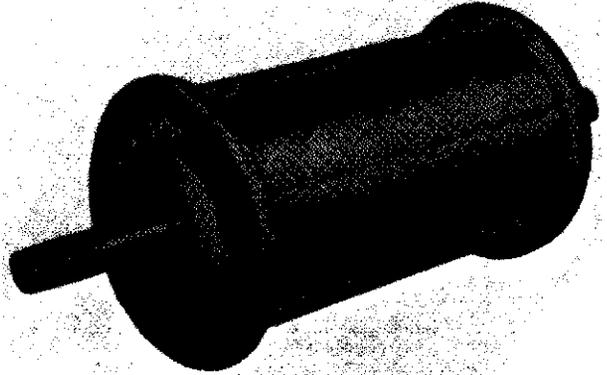
DEPTH FINDER - A compact depth finder, featuring an automatic warning device, is designed for use of the small boat owner and operates from 18 volts DC. Termed the "Audi-Alert", it weighs slightly over 1 pound (8.5 kg) with all of its components, which include a transistorized meter, a transducer, 15 ft (4.2 m) of cable, and an omni-directional transducer bracket. The meter is calibrated to readout from 5 to 60 ft and has a built-in audible alarm system that can be set for any depth from 5 to 60 ft. Write: Vexilar, Inc., 1531 East Franklin Avenue, Minneapolis, Minn. 55404.

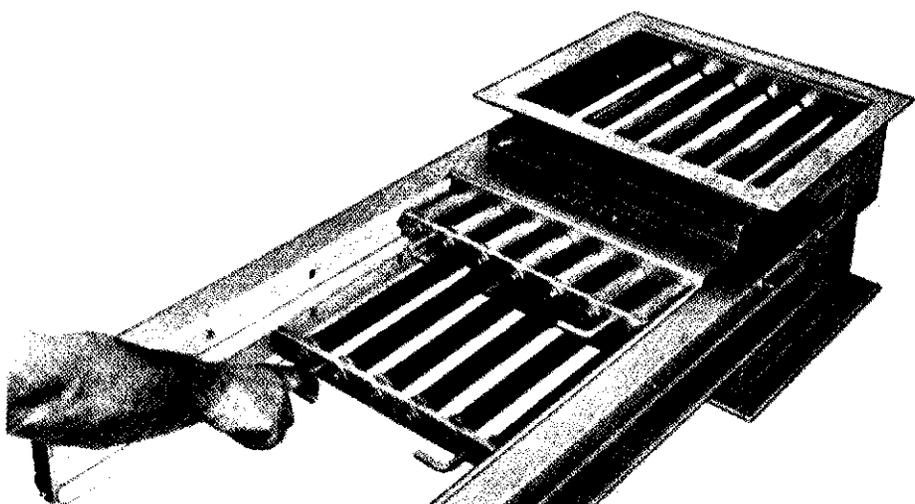
MAGNETIC DRUM SEPARATOR - The "Criss-Cross" magnetic drum separator was developed for use in processing lines to remove pieces of iron from such materials as coal, ore, aggregates, powdery substances and waste material. The unit provides radial, axial and diagonal magnetic fields across the entire surface of the drum, which is available in diameters of from 12 to 36 in (30.48 to 91.44 cm) and widths of from 12 to 60 in (30.48 to 152.4 cm). It can be used for all except large scrap handling conveyor operations which require specially built scrap drums. Write: Eriez Magnetics, Asbury Road at Airport, Erie, Pa. 16512.

FLAT GARDEN HOSE - A flat plastic garden hose which rounds with water pressure and delivers the same volume of water as conventional hose can be stored in one third the space. Light in weight, it drains more easily than round hose because of its tendency to flatten and squeeze out water when pressure is cut off. It winds compactly, like ribbon, on a hose reel. It is made in various sizes. Write: Colorite Plastics Co., Ridgefield, N.J. 07657 or Dayton Price Co., 1 Park Avenue, New York, N.Y. 10015.

PHOTOSENSOR - A reflective photosensor, with lamp, fiber optics and phototransistor in one package, is designed as an off-the-shelf item for immediate installation in various applications, such as paper edge control, hole sensing and position indication. The unit can also be used as a pulse generator for reading coded disks or films. Write: Welch Allyn Company, Skaneateles Falls, N.Y. 13153.

GOLF MEASURING INSTRUMENT - A compact instrument assists golfers in judging distances such as that from a ball's position to a green. The golfer sights through the device and adjusts an indicator knob while sighting and then reads the distance on the adjustment knob. The instrument also indicates by a chart the club to use on each shot. Write: Waukegan Outdoor Products, Gurnee, Ill. 60031.





MAGNETIC GRATE - A self-cleaning magnetic grate for use in a process line for removing iron contamination from various materials is made with two banks so that it can be cleaned without interruption of material flow. The grate utilizes moveable magnetic rods within stationary stainless steel tubes. Cleaning is accomplished by withdrawing the magnetic elements from the stationary tubes and the area of product flow. As the rods move out of the area of product flow they draw accumulated iron contamination out to where it falls in a bin. Since the grate is made with two banks, and only one bank is cleaned at a time, the magnetic protection never needs to be interrupted. The grates are available in both automatic and manually operated models. Write: Erie Magnetics, Asbury Road, Erie, Pa., 16512.

REVERSE OSMOSIS UNITS PLACED ON SALE

A reverse osmosis unit that can turn brackish water into pure drinking water on an economical scale has been developed by the Du Pont Company. A bank of 70 of the units has been sold to the city of Greenfield, Iowa, for a plant to produce nearly 150,000 gal (567,750 liters) of pure water a day.

Each unit produces approximately 2,000 gallons of water a day. Du Pont says the units incorporate a hollow fiber reverse osmosis that withstands higher pressures than the nylon membranes previously used in reverse osmosis desalting devices. The units are designed and engineered to be efficiently integrated with existing treatment facilities.

Du Pont says the units remove particulate matter, including spores, bacteria, and pyrogens, and it has sold some of the units to manufacturing firms that require pure water for their process work. Cost per 1,000 gallons of water is 25 to 65 cents.

Du Pont has arranged with Baldwin-Lima-Hamilton Corp., Philadelphia, Pa., to sell the water purification units to municipalities outside the United States. Permutit Co., a division of Sybron Corp., Paramus, N.J., will handle industrial marketing of the new system through its field sales outlets in the U.S., Canada and Mexico.

BRICK PANELS FOR CONSTRUCTION TRADE -- A manufacturer of brick faced, pre-cast concrete panel units seeks licensees. Airo Modular Panels can be erected in the time it takes for the mortar to be lifted from the mixer to the scaffold. Joint ventures also sought. Write: Airo Modular Panels, Inc., 2046 National Bank of Georgia Building, Atlanta, Georgia 30303.

DURA-KOTING -- A new process which gives aluminum the surface hardness of tool steel. Dura-Koting is the controlled electro-chemical conversion of aluminum alloys to aluminum oxide to produce an abrasion-resistant anodic coating. This process differs from conventional anodizing in that the electrolyte (dilute sulphuric acid) is maintained at considerably lower temperatures and applied current is greatly increased. The result is a much thicker coating of more dense structure and superior corrosion resistance than is possible by ordinary anodizing methods. UMF Dura-Koting can be applied to practically any aluminum alloy and permits aluminum to be used in many applications where it would formerly have been considered too soft. Write: Arthur B. Hahn, President, Trans World Licensing Ltd., John Hancock Center, Chicago, Illinois 60611.

AIR POLLUTION CONTROL -- Firm seeks joint venture partners in all areas for distribution and installation of electrostatic air pollution control units in restaurants, hospitals, beauty parlors, and other places where clean air is important. Units, which plug into any wall socket, weigh from 70 to 118 lbs (32 to 54 kg), and measure from 31 x 19½ x 9¾ in. to 41¼ x 19 x 18½ in. (78.7 x 49.34 x 24.8 cm to 186 x 48.26 x 46.8 cm). They have two-speed fan - low for quiet routine operation and high for rapid recirculation of air to remove smoke, fumes, dust, pollen and other micro-organisms. Write: John R. Rhodes, President, Air Pollution Research Corp., Executive Bldg., 201 S.E. Second St., Fort Lauderdale Florida 33301.

AGGREGATE BUILDING PANELS -- U.S. firm seeks licensees to manufacture lightweight, waterproof panels for the construction industry. The textured aggregate material can be applied to a complete range of standard building panels and lends itself to such applications as masonry, veneer, siding and curtain wall construction. It is incombustible, never needs pointing and is available in a wide range of textures and colors. Write: H. Grove Seavey, Vice President & General Manager, Aggretex, 483 McCormick St., San Leandra, California 94577.

PRECISION INSTRUMENTS -- Manufacturer of instrument test equipment, precision manometers and barometers for calibration of altitude, air speed, air data computers and other pressure devices; "Scorsby" motion, tilt and synchronous rate of turn tables, gyra tables, level and vibration meters, tachometer testers, digital thermometers, null meters, servo valves and amplifiers, special purpose digital computers seeks licensees. Write: C. Scanlon, Instrument Division, Ideal Aeromath, Inc., 1505 E. Fox Farm Road, Cheyenne, Wyoming 82001.

MAGNETIC CONVEYORS & AUTOMATION EQUIPMENT -- U.S. firm offers licenses for a new concept in conveying - Homer "Space-Saver" magnetic conveyors. Can be furnished in standard or custom-designed units to meet almost every conveying need for ferrous metal parts. Will also license its wide range of other magnetic automation equipment, such as drums, pulleys, sweepers, separators, etc. Write: Mr. Edward H. Richard, Homer Magnetics Division of Magnetics International, 1181 Spencerville Road, Lima, Ohio 45805.

Caveat

All companies listed in the Commercial Newsletter have been carefully selected and are believed to be reputable, but inclusion is not intended to suggest official sponsorship.

Background information on American firms is available from several sources: local banks and their American correspondents; commercial intelligence services such as Dun & Bradstreet; and the South African Consulates General in New York City, New Orleans, Louisiana, and San Francisco, California.

Poor's Register of Corporations and Moody's Industrial Manual, both available in the American Consulates General in Durban, Cape Town, and Johannesburg, give general information about many of the largest American corporations.

Trade & Technical Literature

- WEATHER INSTRUMENT** - Brochure on an electronic instrument for measuring of cloud heights. General Time, 1200 Hicks Road, Rolling Meadows, Ill. 60004.
- LANDFILL GUIDE** - A booklet, "Sanitary Landfill Application Guide for Compactors". Balderson, Inc., Wamego Kans. 66547.
- BOAT WINTERIZING** - Four page brochure on use of non-toxic anti-freeze in protecting fresh water plumbing system of a boat during winter storage. Maritime Products Co., Box 241, South Norwalk, Conn. 06856.
- WASH SYSTEMS** - Brochure on mobile, high pressure wash systems. Aero Wash Systems, Inc., 145 Mill Road, Quakertown, Pa. 18951.
- MEAT STORAGE** - Illustrated bulletin on shielded absorbent pods designed to extend storage life of packed fresh meat. Cellu-Products Co., Paterson, N.C. 28661.
- EXHIBITS-DISPLAYS** - A 16 page brochure on a kit for building displays and exhibits. William Hayett, Inc., 207 W. 25th St., New York, N.Y. 10001.
- MICRO-LASER** - Brochure on micro-laser device for use in industry and laboratories. Laser Nucleonics, Inc., 123 Maody St., Waltham, Mass. 02154.
- INSTITUTIONAL TV** - Brochure on color television systems for institutional use. Motorola Systems, Inc., 4545 W. Augusta Blvd., Chicago, Ill. 60651.
- LUBRICATION PLATING** - 12 page brochure on lubricative plating system to overcome problems of friction wear. Microseal Corp., 875 Maude Ave., Mountain View, Calif. 94040.
- DISPOSABLES** - Booklet on non-woven disposable softgoods. The Disposables Association, 10 East 40th Street, New York, N.Y. 10016.
- OPTICAL GLASS** - A 12 page booklet on properties of low expansion materials for optical mirror applications. Corning Glass Works, Corning, N.Y. 14830.
- SAFETY SCREENS** - Brochure on safety clip screens to protect workmen using metal and woodworking machines. Empire Metal Products Corp., 201 W. 138th St., Los Angeles, Calif. 90061.
- VISUAL COMMUNICATIONS** - "Thought Projectors", booklet on visual communications for business and industry. Visual Products Div., 3M Center, St. Paul, Minn. 55101.
- WELDING** - A 12 page brochure on resistance welding equipment and its use. Goodrich Div., Conrac Corp., 3560 Chicago Drive, Hudsonville, Mich. 49426.
- TAPPING A HOLE** - Brochure on selection of taps for threading holes in 12 different materials. OSG Tap & Die, Inc., 398 Wrightwood Ave., Elmhurst, Ill. 60126.
- PROTECTIVE COATINGS** - Brochure on use of vinyl coating to renew imitation leather on theatre, bus, airline and other types of seating. Miller Protective Coatings, Inc., P.O. Box 241, South Norwalk, Conn. 06856.
- EPOXY MARKING INK** - Data sheets on epoxy marking inks for use in silk screen applications. Epoxy Technology, Inc., Narcon, Box B, Thomaston, Conn. 06787.
- CRANE, HOIST SAFETY** - A booklet, "Safe Operating Practices for Crane and Hoist Users". Hornischfeger Corp., Milwaukee, Wis., 53246.
- INDUSTRIAL NOISE** - A 28 page booklet discusses dangers of excessive industrial noise. AMF Inc., 261 Madison Ave., New York, N.Y. 10016.
- LOCK NUTS** - A 12 page booklet gives data on pre-assembled lock washers and nuts. Shakeproof Div., Illinois Tool Works, St. Charles Road, Elgin, Ill. 60120.
- AIR CONTROLS** - Bulletin 0660 on "Mod-Logic" pneumatic logic circuits and air controls. Parker Hannifin Corp., 100 Parker Drive, Otsego, Mich. 49078.
- EDUCATIONAL RECORDINGS** - 12 page booklet on educational recordings in cassettes. H. Wilson Corp., 555 W. Taft Drive, South Holland, Ill. 60473.

ENVIRONMENTAL ENGINEERING - Folder describing air and water pollution control, thermal effects, power plant siting and environmental monitoring. NUS Corp., 4 Research Place, Rockville, Md. 20850.

PRODUCTS FOR INFANTS - A 64 page illustrated booklet on products for infants, including clothing. Infant Items, Inc., 501 Wayne Place, Fremont, Ohio, 43420.

COUNTING INSTRUMENTS - A 72 booklet on counting and recording instruments. Veeder-root, 70 Sargeant St., Hartford, Conn. 06102.

ABRASIVE MACHINING - Bulletin 7004-A gives information on abrasive-jet machining equipment. S.S. White Div., Pennwalt Corp., 201 E. 42nd St., New York, N.Y. 10017.

CONTROL VALVES - Booklet on sliding gate regulators and control valves for steam, air and water. Ad. Auriema, Inc., 120 Liberty St., New York, N.Y. 10006.

PLASTICS GUIDE - Loose-leaf reference guide to plastic items ranging from small machined valves to waste pipes. Aztec Products Inc., 468 Paterson Ave., East Rutherford, N.J. 07407.

RADIATOR MANUAL - Illustrated manual entitled "Cooling System and Radiator Repair". Inland Mfg. Co., 1108 Jackson St., Omaha, Neb., 68102.

THIN FILM AMPLIFIERS - Specifications sheet on miniature thin film amplifiers. Avantek, Inc., 2981 Copper Road, Santa Clara, Calif. 95051.

FIRE FIGHTERS - Four page brochure on fire fighting equipment to be used on existing trucks. John Bean Div., FMC Corp., Tipton, Ind. 46072.

COMMUNICATIONS - A brochure, "Communications Make a World of Difference", discusses world point-to-point communications and mobile radio. General Electric, P.O. Box 4197, Lynchburg, Va. 24502.

SEVEN NATIONS GET SATELLITE SUBCONTRACTS

Hughes Aircraft Co., of Culver City, Calif., has completed negotiations to subcontract \$32 million of the work on a \$72 million contract for the building of four satellites and one prototype satellite to firms in seven nations. The satellites are for the International Telecommunications satellite Consortium.

The subcontractors are: British Aircraft Corp., of England; AEG-Telefunken of Germany; Thomson-CSF of France; Etca-Acec of Belgium; Nippon Electric Co., of Japan; Northern Electric Co., of Canada, and Selenio S.p.A. of Italy.

METER READING MAY BE DONE ELECTRONICALLY

The reader who visits the meters of electric utility customers each month may be made obsolete by an electronic meter reading system that is being tested out in the American midwest.

The system connects four to twelve meters by wires to one small antenna that is about two inches (5.08 cm) high. A truck or van, equipped with electronic gear, drives along the street where the meters are located. A radio transmitting unit beams microwaves at the small antenna as the truck passes. The antenna reflects back information on the meters being read and it is recorded on tape. The system also can be used for gas and water meters.

The Sangamo Electric Company, Springfield, Ill., which developed the system, says it is easy to install and since one truck, driving at a speed of 20 miles (32 km) per hour, can read about 100,000 meters a month, the cost of reading a meter is only a fraction of the cost by other methods. Then, too, when the meters are read by the Sangamo method the data is on computer compatible magnetic tape which can be used for billing and accounting purposes, thus eliminating manual billing.

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CLEAN AIR PROVIDED FOR MINER

The U. S. Steel Corporation is testing a system to provide clean air with controlled temperature to operators of its continuous mining machines in a coal mine near Pittsburgh, Pa. The experimental breathing unit consists of a 10 liter stainless steel container of liquid air, a built-in temperature conditioner, and a hose leading to a breathing mask. The operator sits in a cab with a heavy steel top that protects him from falling roof material. He uses the clean air system only when the continuous miner is in operation and dust poses a health hazard.

* * * * *

U. S. SPEEDS DEVELOPMENT OF ANTI-POLLUTION EQUIPMENT

The U. S. Government Patent Office is giving special priority to the processing of applications for patents which could aid in curbing environmental pollution. The action, ordered by President Nixon, reduces processing time from the normal 30 months to six or eight months.

Patent Commissioner William E. Schuyler says the speed-up will have two important results: "First, we will get these inventions into use by industry at an earlier date. And, second, but of almost equal importance, we will make the new knowledge available to other inventors sooner than we would if the applications took their turn in the regular examination and processing system".

SCREW MACHINE PRODUCTS - The size and complexity of screw machined parts is illustrated in this picture of a teaspoon full of an assortment of parts produced by Wedler Bras., Inc., of Cleveland, Ohio. The automatic screw machine can have one, four, six and eight work spindles and can handle material as small as 1/64 in (0.3968 mm) or as large as 8 in (20.32 cm) in diameter.



SCREW MACHINE FIRMS OFFER SAVINGS IN MANUFACTURING

(Condensed with permission from the Sept. 28, 1970, issue of American Metal Market, the daily newspaper of the U. S. Metals Industry)

Many of the world's manufacturers, even in the highly developed nations, are paying high production costs because they are casting and machining parts that could be mass produced more economically on automatic screw machines.

This was emphasized at the 37th annual meeting of the National Screw Machine Products Association (NSMPA). The U. S. screw machine products industry now produces about \$1,000 million worth of components a year for virtually every manufactured article with movable parts, from household appliances to sophisticated aerospace devices.

Many manufacturers still consider screw machine operations as merely producers of fasteners. This is a serious misconception. Modern screw machines can be setup with attachments to grip and transfer pieces of metal through various operations, including slotting, straddle milling, drilling, counterboring, deburring and a long list of other operations.

Even a small manufacturer may save both time and money by having parts produced by a screw machine products company. These parts, dropping consecutively from a bar of work material at rates of up to one every 0.8 of a second, appear precisely the same, even under ballistic microscopes. No manual machining techniques can approach the high-speed consistency and reliability of screw machining.

The range of materials processed is anything that can be cut with a chip producing tool. This includes all grades of ferrous and non-ferrous metals, hard rubber, all of the machinable plastics, phenolics, and even wood. The work material can be of nearly any shape, but is usually in the form of bar or tube stock.

U. S. firms produce many specialized products economically in lots of 250 or less, but the general rule is that a part produced in lots of 1,000 or more can be produced economically on automatic

screw machines. A profit producing run normally takes at least as long as machine set-up time. As the run exceeds this time the unit cost decreases sharply.

A key factor in even the largest U. S. industrial firms "farming out" parts production to the screw machine firms is the high degree of skill and innovative ability of the men who set up the machines that turn out intricate pieces of work in seconds. These men are trained within the industry and it normally requires at least six years to train even a talented apprentice. This has kept many of the companies small and highly specialized, but there are a number of larger firms that do a full range of work for a variety of U. S. and foreign manufacturers.

The skill of the set-up operator has been primarily responsible for the ability of the industry to develop into a mass supplier of parts to other industries. Another factor has been the education of parts designers and buyers on the broad capabilities and economies possible in screw machine production, and the possibilities of intricate shapes and extremely close tolerances.

Generally, it is possible to turn out on a screw machine any product that can be made on a turret lathe, but still, the limitation of the industry is established by the geometry of the part. The automatic screw machine can have one, four, five, six or eight work spindles and can handle material as small as 1/64 in (0.395 mm) in diameter and as large as 8 in (20 cm). A properly tooled machine can repeat specified tolerances on about 98 percent of a single run, and extremely fine finishes can be achieved.

To help customers for screw machine products, the NSMPA has printed a Buyer's guide which tells how to buy screw machine products to get the greatest value and gives advice on designing and preparation of blueprints or specifications that can save money.

Manufacturers interested in cutting production costs on parts procurement should write to Frank T. McGinnis, Executive Vice President, NSMPA, 2860 East 130 St., Cleveland, Ohio 44120.

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WHITE BLOOD CELLS COUNTED AUTOMATICALLY

Technicon Corp., of Saw Mill River Road, Ardsley, N. Y., 10502, has developed a new automated system for white blood cell differential counts, now done manually. The new machine automatically identifies and counts the five different major forms of white cells, and it makes the test on 10,000 white cells compared to 100 by the manual method.

The white cell differential count is an important part of the diagnostic effort in detecting a number of diseases, including leukemia or viral and bacterial infections.

Technicon also has announced that it will introduce three other new diagnostic machines in 1971. They are:

An automated system for analyzing the metallic content of fluids.

A system that automates complement fixation, a test for hepatitis and other viral and bacterial diseases.

A machine that automatically tests raw and homogenized milk for butterfat, protein and lactose content.

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THREADLESS SEWING MACHINE

Visitors to U. S. trade show always expect to see new products, and sometimes they see highly revolutionary ones. Such was the case in late September at the International Needle Trades Management Exposition in Atlanta, Ga.

The new product unveiled there was an ultrasonic sewing machine without a needle, bobbin or thread, because the machine sews material containing at least 65% of synthetics with high-frequency vibrations. The vibrations generate localized heat that creates a molecular change and welds two pieces of material together.

The machine, which weighs about 120 lbs (55 kg) and bears little resemblance to the traditional sewing machine, was exhibited by Branson Sonic Power Co., Danbury, Conn., 06810, which does not expect to market it in the near future to the average housewife, because of its high cost. Right now it sells for \$2,950 but about a dozen have been ordered by research departments of textile and drapery companies.

The manufacturer believes the machine has a high potential for clothing manufacturers. It can be used to seam, hem, tack, baste, pleat, slit and buttonhole, and it is much faster than an ordinary sewing machine. The company also believes it has a future in the drapery, upholstery, furniture, bagging and packing fields as well as in the sewing of decorator patterns.

The company hopes that in five years it may get the price down to well under \$2,000.

DISPOSABLE SOFT GOODS MARKETS GAINING

U. S. manufacturers' sales of disposable soft goods this year will total about \$400 million, approximately double 1965 volume. The industry believes sales may be as high as \$750 million by 1975 and more than \$1,000 million by 1980.

The Disposables Association, a trade group, describes disposable soft goods as "textile-like products intended for a limited-use life which are made from non-woven fabrics, papers, pulps, fibers, films, foils, foams" and other materials.

There are three basic types of disposable soft goods: Absorbents, such as baby diapers and dish towels; flat goods, including sheets and pillow cases; and apparel. The final category includes hospital garments for both patients and personnel, smocks for laboratory and factory workers, and special garments such as graduation gowns and caps.

Hospitals are probably the biggest market envisioned for disposables, although an executive of one large U. S. hospital says there is really little difference between the cost of using standard cotton sheets and disposable sheets, when costs are figured on the basis of a "patient day". He says the big advantage now is in convenience and sanitation, but that he expects the "patient day" cost of disposables to decline by possibly 20 percent in the next two or three years.

Meanwhile, new disposable software products are appearing on the market and the use of such "venerable" items as paper towels continues to grow rapidly.

APPENDIX 15

SPEECH BY MR. BERNARD BLANKENHEIMER, FORMER U.S. COMMERCIAL OFFICER IN JOHANNESBURG AND SUBSEQUENT REMARKS BY THE DEPARTMENT OF COMMERCE

SOUTH AFRICA'S ECONOMIC ROLE IN AFRICA: AN AMERICAN VIEWPOINT

Mr. Lewis, fellow members and friends of the Executive's Association of South Africa. I am reminded that the shortest introduction of a speaker on record was that given to a Professor of Sexology. The Chairman of the day simply introduced him by name saying his subject needs no introduction other than to say "it gives me great pleasure". Your chairman gave a somewhat longer introduction but that is what happens to a speaker on economics—you expect everything about him to be long winded and I will try not to disappoint you. I cannot help to reminisce that I have visited South Africa several times in recent years prior to my assignment, but always on short visits, and after which, it was relatively easy for me to write sizeable reports on Africa and the economy of South Africa in particular. Yet now that I am living here I am finding it pretty hard to write intelligently and meaningfully; because what I saw at first glance may *not* necessarily be what I *think* I saw.

For example, shortly after I arrived, I was struck by the fact that garbage trucks were being loaded by Africans dressed really in tatters. They raced after the truck from place to place—literally wearing themselves out, or so it seemed to me, needlessly. As an economist I was tempted, perhaps undiplomatically, to ask a former mayor of the City of Johannesburg how this could be allowed. What he told me astonished me because I had considered myself something of a specialist, if not an expert, on South Africa. He said that the City Council had been wrestling with this problem for years, that the problem arises from the fact that garbage collectors come mainly from one tribe, that if given uniforms, they wear them only on their day off; and they race after the truck, which does not wait for them, because they want to finish their specified route early enough so that they can have more leisure time.

Now after finishing that explanation, however, the former mayor made an interesting remark. He said "you know Mr. Blankenheimer you have asked me a good question for which there is a good answer, but I must tell you not many people ask that question or know the correct answer!"

We as Americans tend to see other societies in relationship to our own, and to judge other values by our *own* values, and by our *own* accomplishments. I am reminded here of the classic dialogue in a wonderful comedy starring James Cagney—I believe the title of the movie was "One, Two, Three"—it concerns an American who manages a European soft-drink subsidiary for his company, and one fine day he has the job of preparing a program for the head man of his company—a high powered business tycoon who breezes in and out. Cagney at one point asks him "How do you like it here?" "Fine, Fine," he tells Cagney—"except we ought to do something about all these here foreigners!"

As informal as Americans are we still like to keep our distance: In our country, when you are in a crowded elevator and instinctively you keep your arms rigidly at your side in fear that you may be touching the person next to you. Yet I dare say getting into a crowded elevator in Latin America would produce different results!

We shake hands at social affairs, but here for me at least, one of the most wonderful aspects of South African hospitality is the opportunity I get at social functions to kiss other people's wives (I think they are other people's wives). In Africa, the practice of purchasing a wife or wives as the case may be may sound at variance (here I speak only for myself) with our norms, but as it was once ex-

plained to me by an old African chief, the "bride price" provides pretty good insurance against marital friction and divorce because the dowry must be returned should the bride return to her father's house—and you just know the father of the bride ain't gonna let that happen! And while I am on the subject of sex, one even approaches the humor of sex in different culture patterns.

As an American I am always fond of dry British humor, a la Alex Guinness! Consider, the joke about the British gentleman stranded on a desert island and suddenly out of the miasma appears a lovely maiden offering him something to drink, after which she promptly disappears into the mist; this happens several times whereupon the gentleman in question (given food and drink) is now quite reinvigorated. She appears again on the scene and in a sultry voice inquires "and now sir would you like to play a round with me?" Whereupon he retorts promptly, my God, Woman, don't tell me you have a golf course here too?"

What I am leading up to (and I am sure at this point, none of you knows) is that we Americans tend to expect results based on our own achievements. And to get on a more serious theme, we Americans perhaps in the first blush of the independence movement in Africa expected too much of these newly independent countries in the sense that they just did not react as we had expected them to do. Perhaps now, as post-Independence problems begin to settle in this vast continent, we get a reverse reaction! We tend to see the new States as unstable; the Black peoples—somehow inept at the job of self government—and we begin to question, perhaps unconsciously, whether the States were ready for Independence from colonial rule in the first place. Looking back at our own immediate post-independence history, of the instability of our own Articles of Confederation, we should know better perhaps ourselves. I am reminded here of what Tom Mboya, that great late political leader in Kenya commented on that question back some years ago when he was in America at the time when one French cabinet after another was going down, when he was asked "is Kenya ready for self government" and his answer came back pretty sharp "why should France have a monopoly on instability".

Looking at Africa as an economist, it is difficult to make any generalization because you will find somewhere that this generalization simply does not apply with validity. If you are looking for the 16th century in Africa it can be found as well as the 20th! For the problem of Africa, and here I speak of intra tropical Africa—confronts today is that it literally must bridge the gap of centuries.

First of all when you look at a map you find that here is a continent second only in size to Asia with relatively few natural harbors along its vast coast line. (South Africa incidentally is atypical in this connection with so many fine harbors.) Looking at the topography of Africa you will find an elevated inland plateau region which falls away sharply towards the sea creating tremendous water power, but also difficulties for internal river navigation. Perhaps these two facts alone were responsible for Africa remaining the "dark continent" for so long—dark only in the sense that the White man could not penetrate the continent readily from the coast and could not readily navigate the rivers without knowing where their watersheds were. Yet the history and the culture of Africa must certainly go back long before available written records as is indicated in the magnificent Benin Bronzes uncovered in Nigeria and the mysterious ruins found all through Eastern Africa from Ethiopia to Zimbabwe. Indeed Africa can be considered from many aspects to be a rich continent!

From an economic aspect, the economists point to the natural resources of a continent containing nearly $\frac{1}{4}$ of the world's total land area. He points to Africa's present production of nearly $\frac{1}{7}$ th of the world's mineral output and its significant resources of energy, in hydro-power and more recently, in petroleum.

The pessimist conversely can point to many disabilities in contemporary Africa. He can point to the prevalence of illiteracy and disease, to the ramifications of political and racial tensions in many areas and above all, to the grinding poverty of its peoples. For it is quite true that subsistence agriculture accounts for over $\frac{1}{3}$ rd of the continent's total output and even at this present stage of economic development, Africa with some 12 percent of the world's population, does not account for more than 3 percent of the world's gross annual output. Income statistics for Africa as a whole (these are just estimates but even so, as compiled by the United Nations), the data do point to some significant growth. Even excluding the Republic of South Africa between 1960 and 1965 there has been an average annual growth rate of 4 percent in total gross domestic product,

agricultural growth not nearly as high percentage wise as mining and industrial processing. However, this not nearly enough to keep pace with economic aspirations if one considers the annual population growth, which is certainly at least $2\frac{1}{2}$ percent.

This means that Africa, while not necessarily facing the same dimensions of Asia, is nonetheless facing the eventual problem of food keeping pace with population.

Many African economies by and large still rely on the production and export of primary agricultural and mineral commodities for their national income and consequently they are heavily dependent on demand conditions in the world market—and thus on the business cycle in the industrial consuming countries! A cut back in automobile production in the United States considered likely a year from now will have an immediate impact on forward procurement of all kinds of minerals as we here in South Africa well know, which immediately affects the price and production of base metals and minerals. But the same is also true for palm oil, for cocoa and coffee. We here in South Africa do not fully understand I think that many African countries are "single crop" economies dependent for their prosperity upon the output of one or a few basic commodities such as coffee, cocoa or cotton. Coffee for example provides $\frac{1}{4}$ of the total export revenues of some 19 sub-Saharan African countries while cocoa provides 68 percent of Ghana's total export revenues, 40 percent of the Cameroon's, 35 percent of Togo's and 20 percent each of Nigeria and the Ivory Coast. Price fluctuation in the markets for these products exercise a very direct influence over all phases of the money economy in these countries which depend on them.

Side by side with the money economy, traditional subsistence activities still continue to flourish, and in fact, in no other continent of the world does so large a proportion of the population depend on subsistence production! On a per capita basis as at the beginning of 1965, the United Nations Economic Commission for Africa estimated Africa's output at \$135—only at \$111 per capita if the Republic of South Africa is excluded! It is fair to say today that the principal problem affecting Africa is how to achieve economic growth. A good deal, in my opinion, of the political instability which has come about by "palace coups" etc. is the result of dissatisfaction by the masses with the unfulfilled promises of their leaders to achieve higher standards of living following independence. Because these leaders found as we had known that independence very frequently creates problems which were not there before. The nation-building process in Africa has been one of vast transition and conflict between tribal loyalties and central authorities, between the development of a money economy in urban areas along with a detribalized city culture; of a transition affecting all elements of African society and it is therefore not unexpected that there should be trends towards disunity and counter-trends in other directions towards unity.

What I am getting at here is that many of the small states knowing their economies are weak and vulnerable are struggling to meet the problems of economic development so necessary for political stability and are in fact seeking to broaden the base of their economic relationships with neighbouring countries. Thus despite political differences Kenya, Uganda and Tanzania have determined to preserve their regional common market and common services under which all posts, telegraphs, railways and harbors are operated through regional institutions. Similarly customs and economic unions have been established linking French African states in a number of regional groups and incidentally in economic relationships with the European economic community.

Despite the forces for political separatism and fragmentation so evident by recent developments in Africa such as for example, the tragic civil war in Nigeria—regional cooperation in the economic field is a necessity and a unifying factor. Indeed, in Nigeria the very existence of the Niger River, which serves as the principal waterway to the sea from the interior, is a geo/political factor which no politician can fail to recognize.

In the same way coming more closely to home to the Republic of South Africa, I feel it is clearly apparent that over the long haul the Republic of South Africa will have to play its rightful role in the economic development of the continent. South Africa with its technology, with its skilled manpower literally can be the industrial workshop of the African continent. Moreover, South African goods and services have obvious natural geographic reasons for prompting export markets within the African continent. In the long run, as I am an economic determinist historian by conviction, I feel that South African economic ties with Africa must

inevitably expand. The common interests of both parties will require it! I suppose there are cases in history where that has not been true temporarily as for example right now in the case of the Middle East situation where Israel too could exercise a constructive role in economic development, but those in the long view of history I believe are temporary phenomena.

The other day I visited the Johannesburg Stock Exchange and looked at a number of impressive displays on industrial growth here in South Africa. One of the displays that impressed me the most was not on South Africa at all, but was a map of the continent of Africa on which there were a number of little markers showing the main African areas for various economic activities and the percent accounted for by South Africa. South Africa for example has only 4 percent of Africa's land area, and less than 6 percent of its total population. Yet it generates 57 percent of Africa's electricity, has 49 percent of all telephones in use, accounts for 60 percent of all railway freight traffic, has 40 percent of all motor vehicles in use and if you go into the production of gold and diamonds and various commodities like steel and cement, you can go on and on!

Gentlemen, I have spoken quite enough—perhaps more so than I should have. You have been a patient audience to take so heady a subject at a luncheon but I do hope you will consider my remarks as being optimistic—not pessimistic—with respect to Africa's potentials and moreover, optimistic regarding South Africa's long term role in the economic development of this vast continent.

SUBSEQUENT REMARKS BY DEPARTMENT OF COMMERCE

Mr. Bernard Blankenheimer, then Senior Commercial Officer in Johannesburg, gave a talk at a monthly luncheon meeting of the Executive Association of South Africa on January 21, 1970. In view of Mr. Blankenheimer's background as an African specialist (he has a graduate degree in African studies and has been a member of the Howard University and Johns Hopkins University faculties for African studies), he was asked to speak on the general subject of African economic development problems. He took for his theme the economic development opportunities in developing Africa, the role of developed countries in assisting this development, and, above all, the need for the developed countries to avoid superimposing their values on the new societies.

One paragraph of this speech was selected for substantial modification and re-printing by the *Johannesburg Star* as a direct quote. In this passage, Mr. Blankenheimer was quoted by the *Star* as saying:

"We Americans perhaps in the first blush of independence movement in Africa expected too much of the newly independent countries in the sense that they just did not react as we had expected them to do. We now tend to see the new states as inherently unstable, inept, and we begin to question whether in fact the states were ready for independence from colonial rule in the first place."

What Mr. Blankenheimer actually said in that particular paragraph was: "What I am leading up to (and I am sure at this point, none of you knows) is that we Americans tend to expect results based on our own achievements! And to get on a more serious theme, we Americans perhaps in the first blush of the independence movement in Africa expected too much of these newly independent countries in the sense that they just did not react as we had expected them to do. Perhaps now, as post-independence problems begin to settle in this vast continent, we get a reverse reaction! We tend to see the new states as inherently unstable; the Black peoples—somehow inept at the job of self Government—and we begin to question, perhaps unconsciously, whether the States were ready for independence from colonial rule in the first place. Looking back at our own immediate post-independence history, of the instability of our own Articles of Confederation, we should know better perhaps ourselves. I am reminded here of what Tom Mboya, that great late political leader in Kenya commented on that question back some years ago when he was in America at the time when one French cabinet after another was going down, when he was asked 'is Kenya ready for self government' and his answer came back pretty sharp 'why should France have a monopoly on instability'."

Attached is a copy of a letter from the editor of the *Johannesburg Star* apologizing for distorting and conveying a false impression of Mr. Blankenheimer's remarks.

THE STAR,
EDITORIAL DEPARTMENT,
Johannesburg, February 5, 1970.

Mr. BERNARD BLANKENHEIMER,
Consul of the United States of America,
Johannesburg.

DEAR MR. BLANKENHEIMER, My attention has been drawn to a report in The Star of January 21 of a speech you made at a meeting of the Executive Association.

I have now read the full text of your speech and the summary which we published. I'm afraid that, in the course of condensation and cutting, the spirit of your speech became distorted and conveyed a false impression of what you said.

I agree with the major theme of the speech and think it was handled well. It seems to me that you were attempting to point out the great future of the whole continent of Africa and the contribution which could be made to that future by developed countries such as South Africa and the United States.

Please accept my apologies for any problems our report may have created. I would, if you wish, publish a correction, although, in our experience, this is seldom effective from the readers' point of view.

Yours sincerely,

Editor.

APPENDIX 16

STATUTES OF THE REPUBLIC OF SOUTH AFRICA — CRIMINAL LAW AND PROCEDURE

TERRORISM ACT NO. 83 OF 1967

[ASSENTED TO 12 JUNE, 1967]

[DATE OF COMMENCEMENT: 27 JUNE, 1962]
(Unless otherwise indicated)

(English text signed by the Acting State President)

as amended by

Abolition of Juries Act, No. 34 of 1969

ACT

To prohibit terroristic activities and to amend the law relating to criminal procedure; and to provide for other incidental matters.

1. Definitions.—In this Act, unless the context otherwise indicates—

“Commissioner” means the Commissioner of the South African Police;

“detainee” means a person detained under section 6;

“Minister” means the Minister of Justice;

“organization” includes any association of persons, incorporated or unincorporated and whether or not it has been established or registered in accordance with any law;

“Republic”, includes the territory, except in sections 4 (3) and 7;

“terrorist” means any person who has committed an offence under section 2 or an act which had or was likely to have had any of the results referred to in section 2 (2);

“the territory” means the territory of South-West Africa.

2. Terrorism.—(1) Subject to the provisions of subsection (4), any person who—

(a) with intent to endanger the maintenance of law and order in the Republic or any portion thereof, in the Republic or elsewhere commits any act or attempts to commit, or conspires with any other person to aid or procure the commission of or to commit, or incites, instigates, commands, aids, advises, encourages or procures any other person to commit, any act; or

(b) in the Republic or elsewhere undergoes, or attempts, consents or takes any steps to undergo, or incites, instigates, commands, aids, advises, encourages or procures any other person to undergo any training which could be of use to any person intending to endanger the maintenance of law and order, and who fails to prove beyond a reasonable doubt that he did not undergo or attempt, consent or take any steps to undergo, or incite, instigate, command, aid, advise, encourage or procure such other person to undergo such training for the purpose of using it or causing it to be used to commit any act likely to have any of the results referred to in subsection (2) in the Republic or any portion thereof; or

(c) possesses any explosives, ammunition, fire-arm or weapon and who fails to prove beyond a reasonable doubt that he did not intend using such explosives, ammunition, fire-arm or weapon to commit any act likely to have any of the results referred to in subsection (2) in the Republic or any portion thereof,

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Terrorism Act, No. 83 of 1967

s. 2

s. 2

shall be guilty of the offence of participation in terroristic activities and liable on conviction to the penalties provided for by law for the offence of treason: Provided that, except where the death penalty is imposed, the imposition of a sentence of imprisonment for a period of not less than five years shall be compulsory, whether or not any other penalty is also imposed.

(2) If in any prosecution for an offence contemplated in subsection (1) (a) it is proved that the accused has committed or attempted to commit, or conspired with any other person to aid or procure the commission of or to commit, or incited, instigated, commanded, aided, advised, encouraged or procured any other person to commit the act alleged in the charge, and that the commission of such act, had or was likely to have had any of the following results in the Republic or any portion thereof, namely—

- (a) to hamper or to deter any person from assisting in the maintenance of law and order;
- (b) to promote, by intimidation, the achievement of any object;
- (c) to cause or promote general dislocation, disturbance or disorder;
- (d) to cripple or prejudice any industry or undertaking or industries or undertakings generally or the production or distribution of commodities or foodstuffs at any place;
- (e) to cause, encourage or further an insurrection or forcible resistance to the Government or the Administration of the territory;
- (f) to further or encourage the achievement of any political aim, including the bringing about of any social or economic change, by violence or forcible means or by the intervention of or in accordance with the direction or under the guidance of or in co-operation with or with the assistance of any foreign government or any foreign or international body or institution;
- (g) to cause serious bodily injury to or endanger the safety of any person;
- (h) to cause substantial financial loss to any person or the State;
- (i) to cause, encourage or further feelings of hostility between the White and other inhabitants of the Republic;
- (j) to damage, destroy, endanger, interrupt, render useless or unserviceable or put out of action the supply or distribution at any place of light, power, fuel, foodstuffs or water, or of sanitary, medical, fire extinguishing, postal, telephone or telegraph services or installations, or radio transmitting, broadcasting or receiving services or installations;
- (k) to obstruct or endanger the free movement of any traffic on land, at sea or in the air;
- (l) to embarrass the administration of the affairs of the State,

the accused shall be presumed to have committed or attempted to commit, or conspired with such other person to aid or procure the commission of or to commit, or incited, instigated, commanded, aided, advised, encouraged or procured such other person to commit, such act with intent to endanger the maintenance of law and order in the Republic, unless it is proved beyond a reasonable doubt that he did not intend any of the results aforesaid.

(3) In any prosecution for an offence under this section, any document, book, record, pamphlet, publication or written instrument—

- (a) which has been found in or removed from the possession, custody or control of the accused or of any person who was at any time before or after the commencement of this Act an office-bearer, officer, member or active supporter of an organization of which the accused is or was an office-bearer, officer, member or active supporter;

- (b) which has been found in or removed from any office or other premises occupied or used at any time before or after the commencement of this Act by an organization of which the accused is or was an office-bearer, officer, member or active supporter or by any person in his capacity as office-bearer or officer of such organization; or
- (c) which on the face thereof has been compiled, kept, maintained, used, issued or published by or on behalf of an organization of which the accused is or was an office-bearer, officer, member or active supporter or by or on behalf of any person having a name corresponding substantially to that of the accused,

and any photostatic copy of any such document, book, record, pamphlet, publication or written instrument, shall be admissible in evidence against the accused as *prima facie* proof of the contents thereof.

(4) No person shall be convicted of an offence under subsection (1) committed at any place outside the Republic, if such person proves that he is not a South African citizen and has not at any time before or after the commencement of this Act been resident in the Republic and that he has not at any time after such commencement, entered or been in the Republic in contravention of any law.

3. Harboursing of or concealing or rendering assistance to terrorists.—Any person who harbours or conceals or directly or indirectly renders any assistance to any other person whom he has reason to believe to be a terrorist, shall be guilty of an offence and liable on conviction to the penalties provided by law for the offence of treason: Provided that, except where the death penalty is imposed, the imposition of a sentence of imprisonment for a period of not less than five years shall be compulsory, whether or not any other penalty is imposed. (Date of commencement 21 June, 1967.)

4. Jurisdiction and venue.—(1) Notwithstanding anything to the contrary in any law or the common law contained any superior court or attorney-general in the Republic shall have jurisdiction in respect of any offence under this Act committed outside the area of jurisdiction of such court or attorney-general, as if it had been committed within such area.

(2) If the Minister so directs the trial of any person for an offence under this Act, shall take place at such place in the Republic as the Minister may determine.

(3) Whenever the trial for an offence under this Act committed in the territory or elsewhere outside the Republic, takes place in the Republic, whether or not on the instructions of the Minister, the laws relating to procedure and evidence of the Republic shall apply in respect of such trial and whenever the trial for such an offence committed in the Republic or elsewhere outside the territory so takes place in the territory, the laws relating to procedure and evidence of the territory shall so apply.

5. Procedure at the trial of persons for offences under this Act.—Notwithstanding anything to the contrary in any law or the common law contained—

- (a) any person charged in the Republic with having committed an offence under this Act, shall be tried before a superior court;
[Para. (a) substituted by s. 34 of Act No. 34 of 1969.]
- (b) the trial of any person accused of having committed any offence under this Act may, subject to the provisions of section 4, be held at any time and at any place within the area of jurisdiction of the division of the Supreme Court of South Africa concerned;
- (c) whenever two or more persons are in any indictment, summons or charge alleged to have committed, whether jointly or severally, offences under this Act, such persons may be tried jointly for such offences on that indictment, summons or charge;

- (d) any person accused of having committed an offence under this Act shall be tried summarily without a preparatory examination having been instituted against him;
- (e) the procedure prescribed by law in respect of a criminal trial in a magistrate's court shall *mutatis mutandis* apply in respect of the trial of any such person before plea;
- (f) no person detained in custody on a charge of having committed an offence under this Act, shall be released on bail or otherwise, before sentence has been passed or he has been discharged, unless the attorney-general consents to his release;
- (g) no person shall on trial for or conviction of an offence under this Act be dealt with under section 159, 342, 345 or 352 of the Criminal Procedure Act, 1955 (Act No. 56 of 1955), or the corresponding provisions of the Criminal Procedure Ordinance, 1963 (Ordinance No. 34 of 1963), of the territory;
- (h) acquittal on a charge of having committed an offence under section 2 shall not preclude the arraignment of the person acquitted on any other charge arising out of the acts alleged in respect of the charge of such offence.

6. Detention of terrorists and certain other persons for interrogation.—(1) Notwithstanding anything to the contrary in any law contained, any commissioned officer as defined in section 1 of the Police Act, 1958 (Act No. 7 of 1958), of or above the rank of Lieutenant-Colonel may, if he has reason to believe that any person who happens to be at any place in the Republic, is a terrorist or is withholding from the South African Police any information relating to terrorists or to offences under this Act, arrest such person or cause him to be arrested, without warrant and detain or cause such person to be detained for interrogation at such place in the Republic and subject to such conditions as the Commissioner may, subject to the directions of the Minister, from time to time determine, until the Commissioner orders his release when satisfied that he has satisfactorily replied to all questions at the said interrogation or that no useful purpose will be served by his further detention, or until his release is ordered in terms of subsection (4).

(2) The commissioner shall, as soon as possible after the arrest of any detainee, advise the Minister of his name and the place where he is being detained, and shall furnish the Minister once a month with the reasons why any detainee shall not be released.

(3) Any detainee may at any time make representations in writing to the Minister relating to his detention or release.

(4) The Minister may at any time order the release of any detainee.

(5) No court of law shall pronounce upon the validity of any action taken under this section, or order the release of any detainee.

(6) No person, other than the Minister or an officer in the service of the State acting in the performance of his official duties, shall have access to any detainee, or shall be entitled to any official information relating to or obtained from any detainee.

(7) If circumstances so permit, a detainee shall be visited in private by a magistrate at least once a fortnight. (Date of commencement 21 June, 1967.)

7. Legal force of process in criminal proceedings in the Republic and South-West Africa.—(1) Notwithstanding anything to the contrary in any law contained, any warrant, summons, subpoena or other process issued under any law of the Republic or of the territory in connection with any criminal proceedings, shall be of force and effect throughout the Republic and the territory.

(2) Whenever any person has been arrested in the territory under any warrant aforesaid issued in the Republic, or has been arrested in the Republic under any such warrant

issued in the territory, he shall, as soon as possible, be taken to the place mentioned in such warrant or, if no such place is mentioned in the warrant, to the place where the warrant was issued, and if such person has escaped or has been rescued from custody, he may be arrested without warrant at any place in the Republic or the territory by any person. (Date of commencement 21 June, 1967.)

8. Trial only at the instance of the attorney-general or acting attorney-general.—No trial for an offence under this Act shall be instituted without the written authority given personally by an attorney-general or acting attorney-general.

9. Commencement and application of this Act.—(1) This Act, except sections 3, 6 and 7, shall be deemed to have come into operation on the twenty-seventh day of June, 1962, and shall, notwithstanding anything to the contrary in any law or the common law contained, apply also in respect of or with reference to any act committed (including the undergoing of any training or the possession of anything) at any time on or after the said date.

(2) This Act and any amendment thereof which may be made from time to time, shall apply also in the territory, including the Eastern Caprivi Zipfel referred to in section 3 of the South-West Africa Affairs Amendment Act, 1951 (Act No. 55 of 1951), and in relation to all persons in that portion of the territory known as the "Rehoboth Gebiet" and defined in the First Schedule to Proclamation No. 28 of 1923 of the territory.

10. Short title.—This Act shall be called the Terrorism Act, 1967.

APPENDIX 17

MEMORANDUM TO THE PRESIDING BISHOP BY WILLIAM F. CREIGHTON REGARDING HIS VISIT TO SOUTH AFRICA FROM MAY 25, 1971 TO JUNE 3, 1971

Because it is difficult to report on the situation of Dean Ffrench-Beytagh except in the context of the South African social and political strictures, this report is made in several sections. It must be understood that Apartheid influences in one way or another everyone living in the Republic and that its oppressive character affects each individual and event. With Apartheid as the background this report will include (I) a description of the hearing of Dean Ffrench-Beytagh in the Johannesburg Magistrate's Court and such information as is available with regard to the possible outcome of his case, (II) a summary of our view of the present social and political situation in South Africa and the various suggestions made to us with regard to its future outcome, and (III) some conclusions about the part the Church, and the American Episcopal Church in particular, may play in influencing events in South Africa.

I. On May 26 I spent some hours with Dean Ffrench-Beytagh. Judge Booth who arrived that evening saw him on the afternoon of May 27 after talking with his defense attorney. On both occasions we moved from the Dean's office to a smaller office because of the Dean's assurance that his office was bugged. This was a common experience in other offices that we visited. The Dean's Citroen had been bombed and in his present Volkswagen he makes an inspection before starting the motor and leaves the doors open before turning on the ignition in order not to confine an explosion. This is illustrative of the tension under which he lives and works. In his conversation he was very open and expressed great appreciation that we had come. He was away from his apartment at a Church conference immediately before his arrest. The Special Branch of the Security Police used as the excuse for his arrest the discovery in his apartment, in a closet, of a paper shoe box containing incriminating papers, including directions for the manufacture of molotov cocktails. The Dean believes the box to have been planted and professes to have had no knowledge of it or of its contents. This is supported by his housekeeper. It is suspected that the real reason for his arrest is the work he has carried on on behalf of political prisoners and their families, for legal defense, for the expenses of the families of prisoners to Robben Island, a prison camp at Capetown, and for charity. The government apparently believes that the source of the funds and the ultimate recipients are suspect, although their failure to bring additional charges suggests that they have not been able to substantiate this. It is also probable that he is in trouble because of the integration of his Cathedral, the only integrated church in South Africa. His office and apartment have been searched, and members of his staff and members of the Cathedral congregation have been interrogated. After his arrest he was imprisoned in solitary confinement in a lighted cell, with almost no food, no visitors and with continuous questioning and mental torture. After eight days the British Consul was allowed to see him. The Bishop and other friends were not permitted to see him. He was released with no knowledge of the charges against him on a bail of R5,000. At the time of his arrest the charges, not defined, were under the Terrorism Act but the present charges are under the Act for the Suppression of Communism. Both acts permit detention for an unlimited time without charges and both assume guilt until innocence is proven.

It was anticipated that at the hearing in the Magistrate's Court on May 28 additional charges would be brought, but this was not the case. The Prosecution simply requested a remand which was granted after the Defense got itself on record as objecting to the number of remands and the lack of any indictment. A new hearing is set for June 30 and the Prosecutor agreed to provide the Defense with the charges in advance of that date. It is most likely that the trial will be held in a Superior Court in August.

The Political Officer of the American Consulate and the British Consul attended the hearing. One of the senior Magistrates received us before the hearing and took us to the court where seating was reserved for us. After the hearing the Chief Magistrate received us in his chambers and talked courteously to us for five or ten minutes.

There appears to us to be no reason to doubt the Dean's veracity, or his innocence, although under the Suppression of Communism Act almost any act or association that can be interpreted as endangering the Republic is a criminal offense.

The impression we gathered is that in South Africa the courts are fair. The laws under which the courts work, however, are from any outside point of view inhuman and unjust, and the courts have no privilege of interpreting except in the strictest manner the laws enacted by Parliament.

We had subsequent meetings with the Dean and only the night before our departure did he give some emotional expression of his distress. This appeared to be more out of concern that his work may not be carried on and out of concern that the Church is not as committed as it could be to the oppressed, than for his own safety.

We believe that the Dean felt that our visit was helpful not only in personal support and as an expression of the concern of the American Church, but in bringing some influence to bear on the case against him. The prosecution now knows that it is being carefully watched and that the case will be reported abroad in the free world and by other jurists.

We believe that the most hopeful outcome would be the granting of permission for the Dean to leave the country. He is a British National and not South African and even if the case should be dropped, which is not likely, he would remain under constant surveillance. It appears, however, that he was not deported and that he was arrested in order to intimidate the Church and to frighten others.

In talking at the hospital with Helen Joseph, who has been under house arrest for years and who has just had a serious operation, we realized how dangerous liberal people can be to their friends and acquaintances. Miss Joseph will need someone with her when she leaves the hospital but says she will not have anyone because whoever it might be would be subject to interrogation and would be at once in the black books of the Special Branch. The Dean for this reason is a very lonely man and has gone out of his way not to bring his staff, except for a secretary and a social worker, into his confidence. The social worker allowed us to read many pages of case histories. It appears that records have been well kept and the Dean believes that he can account for every Rand he has used in his work.

II. South Africa is a totalitarian State with every aspect of its life dominated by the fact of Apartheid, the four track system separating black, coloured, asian and white in residence, employment, income, education and in every discriminatory way possible. This fact, the two major languages with a great variety of tribal languages, the continual and ever present surveillance of the police, and the presence all through the black and coloured communities of informers, gives the government an iron grip. Near the cities blacks are separated into townships (Soweto, near Johannesburg has a population of over 800,000). These people live in constant fear of pass violation for which they can be, and are, sent to resettlement areas or "homelands" or Bantustans without any concern for the breaking up of families. The resettlement areas to which women and children, and men not needed as labor, are sent are unbelievably bad. At Dimbaza near King Williams Town we visited one large family with a sick father, at least five children, living in one room, with a dirt floor and no sanitary facilities, one bed, and cooking over an open fire in the room which had no chimney. Most of the resettlement huts and the native huts we visited in the Transkei are kept amazingly clean and we were struck that there was none of the smell of poverty. The Bantu people (the government term for all Black people and disliked by the Black people) are very attractive, very friendly to us and very open about their unhappiness. We recognized a deep underlying anger all through the Bantu community and a deep unease in all the white community.

The presence of informers made it difficult to talk in groups, but at Alice we met with about 400 Fort Hare and St. Peter's students to whom Judge Booth spoke and who asked very candid questions for an hour and a half, mostly having to do with the future and some way out of the awfulness of their situation. This took great courage on their part because the possibility of violence was discussed. Two of the men with whom we talked in a small "safe" group had been im-

prisoned and described in detail the most cruel and brutal torture which they said was designed to "make them cry like babies". The Coloured people are in some respects in an even worse plight than the Black people. They have greater privileges but are always in danger of reclassification and of having their Townships taken over by the Whites.

We did not feel that the Bantustan system can provide any answer. The Transkei is more attractive than the Townships near the cities but it cannot support its own population, its unproductive land is largely mountainous, and while it has a chief minister and a parliament it is obviously in every way subservient to the Republican government and its civil servants.

We asked everywhere what the ultimate outcome could be and got a variety of answers. Dr. VanWyk, of the Institute of Race Relations, who has been courageous in fighting Apartheid, believes that the system is so tight and so isolated from the outside world that it can continue as it is for a long, long time. Others feel that a flash incident could incite violence at almost any time.

VanWyk and deVilliers and other outstanding liberals are Africaners. None of the white South Africans with whom we spoke were completely defensive of the system and some were outspokenly in opposition, but it must be true that most of the people we met were liberals and not typical of those who support the present government.

We were in South Africa at the time of the 10th Anniversary of the Republic. We attended a student protest meeting at Witwatersrand University attended by 1,200 out of a student body of 10,000 and picketed with them afterwards on the Boulevard with flares and placards. One placard read "God is tired of Apartheid". Wits is not typical and is the most liberal of the Universities, although students told us that there is some change in attitude even in the African Universities. On the actual day of the National Celebration we were in Alice and the 400 students who came to hear Judge Booth also celebrated in protest.

Mr. Lutkin, the American Consul, arranged a meeting at his home, with a group of American businessmen. They, without exception, made no effort to justify the laws under which they work, and were most anxious for us to believe that they are endeavoring to upgrade the African workers by doing things without permission that S.A. firms would not dare do, or by getting temporary permits on the basis of a white labor shortage and then continuing without requesting permission. We discussed with them pension systems, insurance, improvements in the Townships including health provisions, wage equalization and much else. They were not resentful of our questions and felt that our Church's action with regard to G.M. was good if its intent was to prod their consciences. They did not believe in economic withdrawal or sanctions, believing that the Blacks much prefer to work for American firms. This was confirmed by African workers with whom we talked. As against what they said the American firms in S.A. are making at least 14% on their investments and probably much more. The estimate of the Institute of Race Relations is between 14% and 40%. The American Economic Officer said 14%. They all said that American expansion is limited by the market.

III. With many groups and individuals we discussed the future and the effect in S.A. of social changes and pressures in the rest of the world, and what the Church and ours in particular can do. We could come to no conclusion. The amelioration of some of the worst humiliations of the Blacks and the Coloured would be desirable, but in recent years the enforcement of Apartheid has become more intense instead of better. Some few people believed that an expanding economy will force the necessity of bringing Blacks into management positions. Most felt that this will not happen and that the Blacks will remain a vast pool of cheap labor. The possibility of violent revolt is unlikely because of the divisions among the tribes and the strength of the police and the informers.

South Africa has armed forces stronger than all the other armies in Africa put together and the possibility that what are variously called the Freedom Fighters or the Terrorist Groups can do anything other than commit suicide is very remote. Most of the Black people and especially the students, believe that the future must be in the hands of the Blacks, that the White people are not going to reform, but what this means they do not know. It is certainly true that a general strike could tie up the whole nation overnight, but there is, at present, no way in which this could be organized.

We came away believing that what people outside South Africa can do is very limited, and that economic withdrawal is more important as a matter of U.S. morality than as an effective instrument of change within South Africa. Because

South Africa is a trader nation it is my opinion that the boycott of their exports may be of more influence than U.S. disengagement and this I would urge! We felt that any bridges that can be built, no matter how fragile, should be encouraged. Our suggestion to Black Students and to whites was that they seek communication between corresponding social groups outside, student movements with student movements, labor groups with labor groups, educators with educators, etc. When it was said that they cannot do this because of police reprisals we suggested using white liberals and the Church. When they responded, as American black people do, that they cannot trust white liberals, we suggested that there are varieties of liberals, and that people like us can be used as communicators even if they have reason to dislike us. We believe that we will be used in this way as a result of our visit and we feel it most important to keep channels open and not to further close them.

The few rays of light we saw were the comparative freedom of the press, the student movements, and the Church. Our view of the Church was very superficial but we felt in general that, although most of it is stuffy British and not very bold, it has the capacity to produce heroes and this should be encouraged. Out of twenty clergymen deported in recent years, seventeen were Anglican. Dean French-Beytagh asked us especially to put all the heat we can on the Provincial Church to witness to human freedom. In doing this we must recognize that we are asking people to take the same risks the Dean has taken and quite possibly to give their lives, and we must certainly, from our safe position, do this with much humility.

We believe our visit was worthwhile, that the Dean was appreciative, and that the English speaking part of South Africa knew we were there and was shaken. The Special Branch, we believe, declared the week of our departure a holiday.

APPENDIX 18

EXCERPTS FROM THE ANNUAL REPORT OF THE FERRO CORPORATION, 1971

TO OUR SHAREHOLDERS

We are pleased to report that 1971 was the best year in your Company's history. Ferro people around the world—all 6,600 of them—contributed to making our 52nd year the most progressive in many ways.

In 1971, consolidated sales rose 9 percent over the previous year to \$167.5 million, while earnings increased 54 percent to \$7.9 million. A new earnings per share record of \$2.18 was also set in 1971.

At no other time has the multinational makeup of our Company played a more vital role in the support of this continued improvement in results. In a year when our U.S. divisions were being restrained by the sluggishness of the U.S. economy, all our international subsidiaries achieved increases in sales and profits over the preceding year. The total of their contributions represented 48 percent of consolidated sales and 78 percent of consolidated earnings.

One reason for our continued success overseas, particularly during 1971 when several foreign economies were undergoing a recession in business, is that our products serve such key worldwide markets as housing, appliances and home furnishings. These markets generally represent the shelter needs of expanding populations which are highly demanding, in both good times and bad.

Another reason is that our international units are now starting to benefit from an almost universal growth in the markets for automotive and leisure-time products. With more and more emphasis being placed on shorter work weeks, more time is going to be available to "get away from it all."

The recent realignment of world currencies had a modestly favorable effect upon Ferro's 1971 operational results, as shown in the Financial Review section of this Report. We do not see any adverse effects to Ferro as a result of the new exchange rates, since our overseas manufactured products are not sold into the U.S. and, therefore, are not affected by the devaluation of the dollar.

A bill now pending before the U.S. Congress, entitled The Foreign Trade and Investment Act of 1972, seeks to impose new controls on American investment in manufacturing abroad. In this regard we would like to point out that over the past five years the net return flow of dollars in dividends, fees and royalties to this Corporation on its investments abroad has been nearly \$16 million. During this period these funds have helped provide the wherewithal necessary to expand our domestic operations and to pay for technology, thus creating more jobs for Americans. If we had not invested abroad in this manner, foreign firms would have done so, and U.S. jobs would have been lost in the long run.

Although profitable, our domestic U.S. operations as a whole did not show an increase in profitability levels over 1970. Late in the fourth quarter, however, signs of a pickup in business were noted. Despite the fine showing of our other multinational operations, the site of Ferro's major investments and the cradle of its technology is still in America. So, in view of this and the size and importance of its markets, we continue to look to the U.S. as being the largest single area for growth in our multinational operations.

SIGNIFICANT EVENTS

For the eleventh straight year, Ferro established a new record in 1971 in worldwide sales of its products and services. Earnings also reached an all-time high.

Since 1961 Ferro has grown at an average annual rate of 10 percent in sales and 11 percent in earnings.

A variety of events contributed to this busy year. Here are some of the more significant:

The acquisition of Jones Homes, Inc., of Hendersonville, Tenn., took Ferro directly into the housing business. Jones is one of the largest builders of low- to medium-priced houses in the United States Central South. The firm has over 300 licensed builders who use its factory-built home packages for construction in their locations. Jones' sales were the highest in its history, reaching nearly \$8 million in 1971.

Ferro-Holland broadened its manufacturing flexibility and improved its competitive position in Western Europe with the acquisition of a West German company, PER Romanic of Kaiserslautern, a manufacturer of specialty frits.

The worldwide range of Ferro's engineering capabilities was increased by the acquisition of Temtek Corporation of Bartlett, Ill. This company makes pre-fabricated kilns and furnaces used in the production of technical ceramics and ferrites.

Ferro-Canada expanded its sales capabilities in the reinforced plastics industry in Canada with the acquisition of Queen City Distributors, Ltd., of Toronto. This makes Ferro one of the largest suppliers of reinforcing materials to the plastics industry in the Dominion.

Ferro de Venezuela, C.A., a joint venture with Venezuelan nationals, was formed to manufacture frit in Valencia to meet the needs of the growing housing and appliance markets in Venezuela.

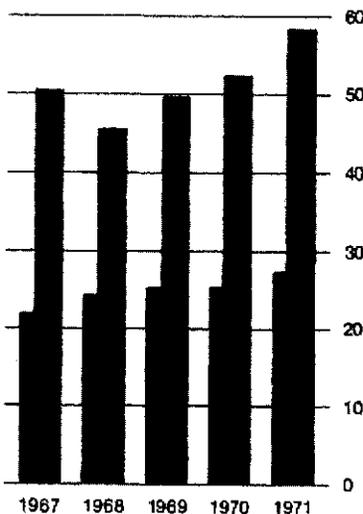
Technological advances were many in 1971, but noteworthy was a development by Ferro-South Africa which has wide application. This development is a versatile process for the production of color concentrates which are used for coloring plastic and products. This process will make it possible for Ferro to expand rapidly and economically its color concentrate operations throughout the world. Already other Ferro plants in England, Holland, Spain and the United States have adopted this new process.

FERRO CORPORATION and Subsidiary Companies

Capital Structure

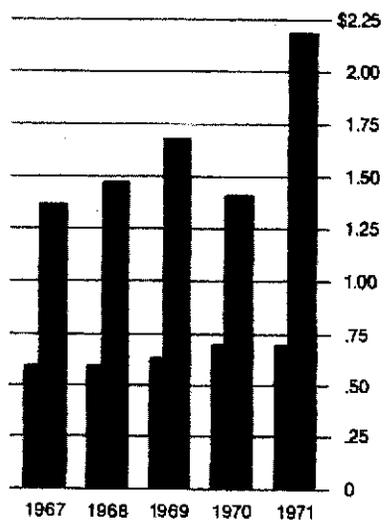
(millions of dollars)

- Shareholders' Equity
- Long-Term Debt



Net Earnings and Cash Dividends Per Share

- Net Earnings
- Cash Dividends



(based on average shares outstanding during the year)

GEOGRAPHIC DISTRIBUTION OF NET ASSETS, SALES AND NET INCOME¹

	United States	Europe	Latin America	Other areas	Total
Current assets.....	\$34,803,616	\$18,574,964	\$11,218,023	\$7,860,852	\$72,457,455
Current liabilities.....	11,479,472	10,305,165	6,921,696	3,524,182	32,230,515
Working capital	23,324,144	8,269,799	4,296,327	4,336,670	40,226,940
Intercompany accounts receivable (payable).....	992,158	(151,000)	(293,050)	(548,108)
Other assets.....	4,113,612	2,266,645	267,496	(15,063)	6,632,690
Net plant and equipment.....	28,668,553	6,306,204	4,019,778	3,020,717	42,015,252
Total.....	57,098,467	16,691,648	8,290,551	6,794,216	88,874,882
Deduct:					
Long-term liabilities.....	24,119,243	3,003,880	239,462	27,362,585
Other noncurrent liabilities and reserves.....	605,925	809,526	1,629,281	188,303	3,233,035
Total.....	24,725,168	3,813,406	1,868,743	188,303	30,595,620
Net assets.....	32,373,299	12,878,242	6,421,808	6,605,913	58,279,262
Net sales.....	88,482,635	37,058,782	23,830,862	18,127,620	167,499,899
Net income.....	² 1,964,926	3,045,706	1,653,543	1,233,689	7,897,864

¹ Included in the accompanying consolidated financial statements for 1971.

² After elimination of dividends of \$2,773,970 from consolidated subsidiary companies and after reclassification of \$239,000 additional U.S. tax applicable thereon to those consolidated subsidiaries.

APPENDIX 19

LETTER AND QUESTIONNAIRE TO U.S. COMPANIES DOING
BUSINESS IN SOUTH AFRICA, ANGOLA OR MOZAMBIQUE FROM
CHAIRMAN DIGGS

Congress of the United States
Committee on Foreign Affairs
House of Representatives
Washington, D.C. 20515

July 15, 1971

Dear Sir:

In further connection with the inquiry by the Subcommittee on "U.S. Business Involvement in Southern Africa" and our communications on the subject of your personal appearance before the Subcommittee, I am sending to you a questionnaire about your operations in Southern Africa. The statement which I made at the Subcommittee hearing on July 15, which I am also enclosing, explains the purposes of our inquiry and provides a general background for these questions. Your cooperation in having your company complete this questionnaire, which is in two parts, and return to me by September 8, is earnestly requested.

I am planning to make a trip to South Africa during the August recess and plan to visit some American businesses. I would greatly appreciate it if you would authorize your local representatives to meet, if requested, with me and accompanying members of the Subcommittee, to be forthcoming in responding to our inquiries and to show us your operations there.

I again wish to express my appreciation for your cooperation with the Subcommittee.

Sincerely,

Charles C. Diggs, Jr.
Chairman, Subcommittee on Africa

Enclosures:

(505)

As stated

July 22, 1971

PART I

QUESTIONNAIRE

I. Reasons for going into Southern Africa

- When did company go to South Africa?
- What factors entered into decision to invest there?
- What type of business or businesses are there?
- Where are these businesses located?
- Do you have business involvement in South West Africa?
- In Rhodesia?
- In Angola?
- In Mozambique?
- If so, please describe your operations and locations in each of these places.
- How large is your investment in each of these places?
- What is the rate of return on your investment?
- How does this compare with return in the United States?
 - in other countries?
 - in black Africa, if you are involved there?

II. Employees

- How many employees do you have in each of these businesses?
- How many are expatriates?
- Of the locals, how many are
 - black
 - white
 - colored

-- What percentage of your employees are

black

white

colored

-- What percentage of the employee payroll is paid to'

blacks

whites

coloreds

In 1970 what percentage of cash salaries was paid to

blacks

whites

coloreds

How do you hire your African employees?

whites

coloreds

Do you enter into labour contracts with, or respect to, your African employees?

How many of your employees have incurred difficulties (fines? imprisonment?
or threat of these?) because of labour contract provisions of the
Bantu Labour Act?

What are the average working hours per week for:

blacks

whites

coloreds

What is the average length of employment for

blacks

whites

coloreds

Wage Practices

What is the average promotion rate for each group?

What are the training programs for each group? Be specific.

What was the average starting salary in 1960 for

blacks

whites

coloreds

What was it in 1970 for

blacks

whites

coloreds

What is the usual salary (in statistical terms, what salary is the mode) for

blacks

whites

coloreds

What is the top salary of

blacks

whites

coloreds

What is the bottom salary of

blacks

coloreds

whites

What is the poverty datum line for your area?

Without including payments in kind, how many of your employees receive salaries below this line?

What percentage is this of your African employees?

How are these answers changed if payments in kind are included?

Is there a government wage determination applicable to your African employees?

If so, what is this wage?

Have you ever been fined or otherwise incurred difficulty for not complying with this determination?

Do you pay wages in kind to

blacks

whites

coloreds

Fringe Benefits

What are the following fringe benefits for each group? Specify differences for each group.

whites

coloreds

Africans

Free medical aid

Vacation leave

Sick leave

Permanent disability benefits

Termination

Low interest housing loans

Educational assistance

Insurance or death benefits

Christmas bonuses

Stock dividend plans

Employee facilities are the following provided for all employees?

whites coloreds blacks

Locker rooms

Rest rooms

Lounges

Eating facilities

Recreation facilities

Are these facilities segregated?

If so, how do they compare? Be specific.

Labor Relations

Does company engage in collective bargaining with
African workers

colored workers

white workers

-- to set pay?

-- to set fringe benefits?

-- to set procedures for employer-employee relations?

Do African workers have unions or work committees?

-- do colored workers

-- do white workers

Is there a complaint procedure?

mediation procedure?

grievance procedure for each group?

What is dismissal procedure for each group?

Services to employees

What training programs does your plant have for

Africans

coloreds

whites

Please give particulars of each program.

What were the enrollment figures for these training programs in 1970 for

whites

blacks

coloreds

What educational programs or assistance do you provide your workers?

Do you have literacy programs for your workers?

Do you provide the following to

	<u>whites</u>	<u>coloreds</u>	<u>blacks</u>
free classes at outside schools			
scholarships			
educational tuition refunds			
training abroad			

Do you have a scholarship program for your employees' children:

	<u>whites</u>	<u>coloreds</u>	<u>blacks</u>
high school			
college			
other			

PART II

Special Services

When a worker dies and his family is required to go to a reserve do you provide legal, financial or educational assistance to the children and/or spouse?

Does company assist workers with

Residence needs

-- with respect to removals

or helping families get residence permits

Pass difficulties - Do you supply lawyers and legal assistance or counseling services to families with pass difficulties?

To assess some factors relevant to the impact of the presence of your company in SA, information on the following should be both for the present and for the year your company opened its plant.

a. What is the health situation of children in the area or areas of your plant or business?

black?

colored?

white?

b. What is the incidence of Kwashiorkor (a starvation disease)

black?

colored?

white?

c. The rate of infant mortality?

black?

colored?

white?

d. The average life span?

black?

colored?

white?

How far on the average do your workers have to come to work?

blacks

coloreds

whites

Do you provide transportation for

black

colored

white workers

How many of your African employees cannot live with their spouses because of legal regulations against presence of Africans in the area?

How do Africans' working conditions compare with whites', coloreds', even where basic attitude of company is supportive of change towards majority control or of a multiracial society. Is support for change a mere hope or is it manifested concretely to your African employees

If so, how

Charitable Contributions

Does company contribute

- to the South African Foundation?
- to the Institute of Race Relations?
- to the Black Sash Society
- to the Christian Institute

- to the National Union of South African Students
- to Fort Hare, the University College of the North, the University College of Zululand, University College of West Cape Town
- to educational or cultural organizations. If so, give name
- to educational trusts for employees' children.

What percentage of annual profits does company contribute to such organizations (Do not include contributions to South African Foundation)

Company Attitudes in Practice

What are the official corporate relations with the South African government? With African and colored workers; with white workers?

What are personal relations of company executives - is it "whites only".

What are the relations with majority? Be specific.

Is selection of American executives made to ensure enlightened management?

Is selection of local executives made to ensure enlightened management?

In South Africa, to what extent are top jobs held by white South Africans, are these Nationalists, United Party, or Progressive Party supporters?

Do your local personnel in Southern Africa support majority rule? Are they made aware by US parent of necessity of presenting progressive attitudes.

Do US executives resident in South Africa have preference for Nationals, U.P. or Progressives.

Do US executives in Southern Africa support majority rule?

Does the company have an orientation program for new executives to alert them to these problems.

In South Africa, do your local and/or expatriate personnel support local business norms, such as job reservations.

Does your company support the "rate for the job" principle.

Border Industries:

Is company in any border area?

If so, do wages there on the average, exceed Government wage determinations? Give specific documentation.

Use of Political Influence

Has company ever used its influence or lobbied in support of apartheid in South Africa?

Publicly? Privately?

Alternatives

Has your company considered investing in the neighboring majority-ruled states of southern Africa, Botswana, Lesotho or Swaziland?

Has your company considered investing in the homelands or bantustans?

Has company ever lobbied for or supported apartheid in US? in South Africa?

Publicly? Privately?

Does company contribute to the South Africa Foundation?

Has company supported Portuguese Government position with respect to the Portuguese territories.

IV. Role of US Government

To what extent has company explored possibility of actively supporting change?

How can Government assist you in this endeavor?

What is your relationship to the US Embassy or Consulate commercial attache?

V. Reappraisal of Company's Role in Southern Africa

How do you relate your presence in Southern Africa

- to the apartheid policy of the South African Government or to the policy of the Portuguese Government?
- to the majority of the population?
- to progress towards majority rule?

Has there been a recent reappraisal of your investment in Southern Africa?

South Africa

South West Africa

Angola

Mozambique

APPENDIX 20

PRESS STATEMENT BY CHAIRMAN DIGGS ON RESPONSES TO QUESTIONNAIRE AND LISTING OF COMPANIES, MARCH 30, 1972

Last summer and fall I sent a questionnaire to over 250 American firms involved in southern Africa. It was an extensive inquiry designed to get the facts. It therefore included questions on the nature of the company's operations in Southern Africa, the racial breakdown of employees, on details of wage and scales, fringe benefits, working conditions, labor relations, training programs, living conditions of employees, and general company policies and practices.

The need for such comprehensive information from private firms operating in the Republic of South Africa, Zimbabwe, Namibia, Angola, and Mozambique arises out of the anomalous situation in these areas of minority rule. White minorities maintain rigid political and economic control over the African majorities. American companies have considerable economic involvements in southern Africa—\$800 million in South Africa, the amount invested in the other areas is closely held by our government which has thus not given us these figures, as we have requested in the hearings.

It is in the national interest of the United States Government to be informed about the activities of American corporations in southern Africa. U.S. domestic and foreign policy interests require that the facts of U.S. business involvement in southern Africa be made known. Further, the keen interest of the United Nations in that region, the continuing colonial wars in the areas of Portuguese control and the imminence of racial violence in the other areas mean that trends in southern Africa have international implications and a substantial impact on American foreign policy.

American domestic interests will also be served by the gathering of information on American corporate activities in Southern Africa. Abnormally low-wage rates are commonly paid to Africans in these minority-controlled states. I regret to report that the response to this request for information was quite disappointing. According to my records I received no reply at all to the questionnaire from over half the corporations.

Another 35 companies acknowledged receipt of the questionnaire, but gave no replies for one reason or another. Some assumed that we were not interested in their activities due to their small size, or to the fact that they have only recently begun operations in southern Africa, even though I made no statements to this effect.

Some others refused to respond on the grounds that they did not have a majority interest in their southern African counterpart. Still others claimed they did not keep informed on the specific policies of their branch offices or partners in Southern Africa. These kinds of reply indicate attitudes with which I have little sympathy.

American corporations must take responsibility for informing themselves on the nature and consequences of their overseas investments and partnerships.

Another 26 companies made responses which were non-responsive to the thrust of the questionnaire. Many avoided answering the specific questions by sending a general statement of company policy on racial discrimination, or by writing an essay on their involvements which responded to some parts of the questionnaire but avoided others. These answers are not suitable for our purposes, and I find the evasions of our questions unsatisfactory.

Eight companies gave answers which I considered fair in that many of the questions were answered. Only 18 companies gave responses to the entire range of questions. Without making any comment at all on the substance of their policies, I wish to thank these firms for their care in replying to my request for information.

To the overwhelming majority of corporations which failed to provide meaningful answers to my inquiry, and in many cases failed to provide even the courtesy of a response, I can only express my extreme concern. They are doing a disservice to both the American people and to the people of Southern Africa by failing to cooperate with this effort to obtain accurate information on the nature of American involvements in that critical area.

Attached is a list of the firms and their reaction to the questionnaire. I realize that some firms not responding to my request might be responding privately in a sense by re-evaluating their policies and practices in southern Africa and hopefully improving them. However, a forthright public statement from these companies is necessary to provide accurate information about the American economic role in southern Africa. The involved companies themselves will benefit from knowledge of the steps other firms are taking.

No one can say that we have not given ample opportunity in making ourselves available for consultation whenever the businesses—their executives, attorneys or public relations personnel—called on us. We have done everything reasonable; yet, the businesses have not responded. We can only conclude that, unless our government through legislative or administrative edict take action, the profit motive is stronger than voluntary action.

I have therefore determined to take the action which I called upon the Administration to take in the Action Manifesto, that is, with respect to U.S. business in South Africa to make fair employment practices in their South African enterprises a condition of eligibility for government contracts.

I have introduced legislation yesterday which would speak to these issues. Twenty-three (23) of my colleagues have joined me in sponsoring this legislation.

The proposed legislation would create new criterion for U.S. government contracts. It would mean that if a U.S. company does business in South Africa and is not on the roster established pursuant to the act for business operating in accordance with acceptable standards, that business would not be eligible for a government contract, no matter where it was to be performed, say in Washington, Seattle, Denver or anywhere else. So the sweep of the bill is broad.

What then is the justification? It is, and the preamble recites that it is premised on (1) the vital importance and far-reaching implications to United States domestic and foreign policy interests of the activities of United States firms in Southern Africa, and (2) the growing concern in the United States over the participation by United States business in the exploitation of labour and in racial practices in Southern Africa, and (3) the harm to free labor in the United States and to the economic well-being of United States workers caused by having to compete even indirectly with an institutionalized cheap labour market.

The objective of the bill is to influence those United States companies doing business in Southern Africa to adopt fair employment practices which are defined to include at least the concepts of equal pay for equal or comparable work, equal fringe benefits, equal hiring and training opportunities and equal opportunities for advancement to supervisory or higher positions, all without regard to race and color.

The operative clause of the proposed legislation reads: "No United States person (a) having a major investment in an enterprise in the Republic of South Africa or (b) affiliated with an entity doing business in South Africa, shall be eligible to enter into any contract with any agency of the United States Government unless such United States person is doing business in South Africa in accordance with fair employment practices and is listed on the roster to be established under this joint resolution."

The act would be administered by the office of the government which administers the executive order on non-discrimination by government contractors. The Administration would review the employment practices of companies doing business in Southern Africa and establish a roster of those companies whose practices conformed with the standards of the Act. Companies not listed would be ineligible for government contracts. The Administrator would be assisted by an Advisory Board appointed by the President. The nine members would be representatives from the field of education, labor, civil rights, business and concerned government agencies, namely the Equal Employment Opportunity Commission and the Departments of State, Commerce, and Labor. Provisions are made for appeals by aggrieved businesses and, also, for the President to grant exemptions for reasons of national security for specified periods. The measure would take effect one year after enactment, thus providing an opportunity for United States companies to conform their employment practices to meet the requisite standards.

It must be stressed that South African law does not place a maximum on the amount which a private employer may pay an employee. There is thus no legal bar to equal wages. To a large extent South African law permits equal fringe benefits and training and promotion programs.

There is room for drastic improvement in the present situation where United States employers tend to adopt the exploitative practices of the society far beyond the legal requirements; and it is this area of wages, fringe benefits, and training that we are particularly seeking to reach in the legislation. During my visit to South Africa, I personally witnessed the practices of United States firms in South Africa. Radical improvement must be made.

United States investment is a bulwark for apartheid. Its implications for United States foreign policy interests are ominous. I support the principle that United States business should disengage from South Africa. Because of obvious legal and policy difficulties in accomplishing that, I am concentrating present efforts on (1) seeing to it that United States business exploitation of the Africans ends, (2) that new investment in South Africa is halted, and (3) that there is no further expansion of private United States investment. This last is of critical importance because of the present economic situation in South Africa, which is in the throes of an acute balance of payments crisis. South Africa underwent an enormous trade deficit of well over 700 million rand in the first half of 1971, and the reserves are dangerously low. Import quotas have been cut and the exports are falling. Thus, it is crucial that capital inflows to South Africa be stopped.

It is still my position that racist practices of United States firms with respect to facilities for their employees must be ended. Again, it should be stressed that the South African law, which was cited to me by some of the businesses I visited, compelling separate facilities—The Factories, Machinery and Building Works Act of 1941, as amended, does not require separate facilities; rather it empowers the Government to issue a proclamation stipulating such requirements. Thus, even in that respect, the law is not as rigid as American businessmen would have had me believe.

With respect to the bill I am introducing today, it is clear that raising the standard of living of the relatively few employees of the United States businesses will not make an appreciable difference in the economic situation of the African in South Africa.

At the same time, we can at least spare no effort to end United States business exploitation of the people of South Africa and to end its callousness, to end the unconcern which the United States corporate parent for so long has exhibited. Moreover, this program is entered into in full awareness that the situation of apartheid will not be changed by such actions of United States business. Nor am I so naive as to think that real change could be so effected in a situation where the African is considered a stranger in the cities where he works and resides—in a situation where it is the deliberate policy of the government to "maintain white domination" and to maintain the white standard of living, under which the white 17% receives 74% of the country's total income and where the gap between white and black income is growing steadily, in a situation where the whites enjoy the highest standard of living in the world and the annual per capita income of the black is one of the lowest in the world, in a situation where a white person pays taxes after he reaches the age of 22 and then only if his income is above a certain minimum level, whereas every black must pay taxes from the time he is 18 whether or not he makes any income at all, in a situation where the government maintains a special system of inferior education for the African who must pay for his child's schooling, books, building costs, in a country where the dread starvation disease, kwashiorkor, is prevalent, in a country where the literacy rate for whites is 100% and that for blacks about 22%, in a situation where the position of the blacks is steadily worsening.

The change that is needed in South Africa is political change—majority rule, a problem not addressed by our efforts here with respect to United States business practices. But the pressure for decent business practices by United States businesses must continue both for the benefit of the employees of United States businesses there and because humanity and decency require no less.

Our ability to affect the situation is limited. But we can direct our attention to United States firms doing business in that country and do our utmost to cause an end to their exploitation of the people of Azania; and we will not rest until that is done.

1. NO REPLY TO QUESTIONNAIRE

Air Reduction Co., Inc.
 American Abrasive Corporation
 American Bureau of Shipping
 American Home Products Corp.
 American Metal Climax, Inc.
 Ampex Corporation
 Applied Power Industries, Inc.
 Armco Steel Corporation
 Automated Building Components, Inc.
 Avis Rent a Car System, Inc.
 Baxter Laboratories, Inc.
 Bechtel Corporation
 Beckman Instruments, Inc.
 Beech-nut, Inc.
 Berkshire International Corporation
 Black-Clauson Co.
 The Black and Decker Mfg. Co.
 The Butterick Fashion Marketing Co.
 Caltex Petroleum Corp.
 ✓ J. I. Case Credit Corp.
 Champion Spark Plug Co.
 Carbone Corporation
 Chesebrough-Ponds Inc.
 Chicago Bridge and Iron Co.
 Chrysler Corporation
 The Coca-Cola Company
 Cities Service Co.
 Colgate Palmolive
 Columbus McKinnon Corp.
 Computer Sciences Corp.
 Continental Grain Corp.
 The Continental Insurance Co.
 Crown Cork and Seal Co., Inc.
 Dart Industries, Inc.
 Dean Van Lines
 Del Monte Corp.
 Diamond Distributors Inc.
 Diversa, Inc.
 Dodge and Seymour, Ltd.
 Dresser Industries, Inc.
 DuBois Chemicals Div., W. R. Grace & Co.
 Dun and Bradstreet, Inc.
 Emery Air Freight Corp.
 Encyclopaedia Britannica Educational Corp.
 Ernst and Ernst
 J. A. Ewing and McDonald, Inc.
 Firestone Tire and Rubber Co.
 Ferro Corporation
 FMC Corporation
 Fram Corporation
 Gardner-Denver Co.
 Gates Rubber Co.
 General Rubber Co.
 General Motors Acceptance Corp.
 General Motors Corp.
 General Tire and Rubber Co.
 A. J. Gerrard and Co.
 The Gillette Co.
 W. R. Grace and Co.
 Grant Advertising International, Inc.
 Hoover Co.
 Hunt Oil Co.
 Hunt International Petroleum

Inmont Corporation
 Insurance Co. of North America
 International Flavors and Fragrances, Inc.
 International Harvester Co.
 International Telephone and Telegraph Corp.
 The Interpublic Group of Companies, Inc.
 Jeffrey Galloway, Inc.
 Kaiser Jeep Corp.
 Kaiser Aluminum and Chemical Corp.
 Kellogg Co.
 Kelly-Springfield Tire Co.
 The Kendall Co.
 Kidder Peabody Co., Inc.
 ✓ Kimberly-Clark Corp.
 Lavino Shipping Co.
 Lease Plan International Corp.
 The MacMillan Co.
 Maremont Corp.
 Masonite Corp.
 Arthur G. McKee and Co.
 Metro-Goldwyn-Mayer, Inc.
 George T. Meyer Mfg. Co.
 Mine Safety Appliances Co.
 Moore and McCormack Co., Inc.
 Muller and Phipps (Asia) Ltd.
 Nalco Chemical Co.
 ✓ Nordberg Mfg. Co.
 Oak Electro-netics Corp.
 Otis Elevator Co.
 The Ozite Corp.
 ✓ The Parker Pen Co.
 Phillips Petroleum Co.
 Permatex Co., Inc.
 Publicker Industries, Inc.
 Revlon, Inc.
 Richardson-Merrill Inc.
 The Richlieu Corp.
 H. H. Robertson Co.
 Rockwell Mfg. Co.
 Scholl Mfg. Co., Inc.
 Simplicity Pattern Co., Inc.
 ✓ A. O. Smith Corp.
 Smith, Line and French Laboratories
 Squibb Beech-Nut, Inc.
 Standard Oil Co. of Indiana
 Standard Pressed Steel Co.
 Sybron Corp.
 Tampax, Inc.
 Timken Company
 Tokheim Corp.
 TRW Inc.
 Tupperware Home Parties
 Twentieth Century Fox Film Corporation
 Unimark International
 Union Carbide Corp.
 United Artists Corp.
 Upjohn Co.
 Van Dusen Air, Inc.
 Warner Brothers, Inc.
 Westinghouse Air Brake Co.
 White Motor Co.
 W. A. Whitney Co.

Questionnaires were also sent to *eighteen firms owned by American citizens living in South Africa. None of these replied.*

The main substance of the questionnaires was judged not applicable by an additional 24 corporations whose response indicated they had recently relinquished holdings in Southern Africa, that they only maintained a one-man sales office, or other reasons we found acceptable.

2. ACKNOWLEDGED RECEIPT OF QUESTIONNAIRE, BUT GAVE NO RESPONSE

AFIA	Ingersoll-Rand Co.
Amchem Products, Inc.	International Playtex Corp.
Arthur Young and Co.	Irvin Industries, Inc.
Bristol Meyers Co.	King Resources Co.
Brown and Root, Inc.	Max Factor and Co.
Bucyrus-Erie Co.	Monsanto Company
Colt Industries	National Cash Register Company
Chase Manhattan Bank N.A.	Owens-Corning Fiberglass Corp.
Diners' Club, Inc.	Pickands Mather and Co.
Endo Laboratories, Inc.	Price Waterhouse and Co.
Englehard Minerals and Chemicals Corp.	St. Regis Paper Co.
General Tire and Rubber Co.	Schering Corp.
Groller Inc.	G. D. Searle and Co.
Helena Rubinstein, Inc.	Singer Co.
Hewlett-Packard Co.	Sun Oil Co.
Honeywell, Inc.	United States Steel Corp.
Hyster Co.	Wilbur-Ellis Corp.
	Wyeth Laboratories

3. ANSWERS NON-RESPONSIVE TO QUESTIONNAIRE

Abbott Laboratories	IBM World Trade Corp.
American Express Co.	✓ S. C. Johnson and Son, Inc.
American Oil Co.	Miles Laboratories, Inc.
Arthur Anderson and Co.	Minnesota Mining and Manufacturing Co.
Borden, Inc.	Mobil Petroleum Co., Inc.
Borg-Warner Corp.	Newmont Mining Corp.
Burroughs Corporation	Oshkosh Truck Corp.
Caterpillar Tractor Co.	Pfizer, Inc.
✓ Cutler-Hammer, Inc.	Sterling Drug Inc.
Cyanamid International	Texaco, Inc.
Eastman Kodak Co.	Warner-Lambert Company
First National City Bank	Westinghouse Electric Corp.
Goodyear International Corporation	
Heineman Electric Co.	

4. FAIR RESPONSES

Addressograph-Multigraph Corporation	Ford Motor Company
Allied Chemical Corporation	Merck Sharp and Dohme Intl Division
Donaldson Co., Inc.	Parke, Davis and Co.
Eli Lilly and Co.	Sperry Rand Corp.

5. COMPLETE RESPONSES

Ashland Oil, Inc.	Pan American World Airways
Control Data Corporation	Pepsico International
CPC International, Inc.	Rheem International Corp.
Deere and Company	Rohm and Haas Company
Dow Chemicals	Standard Oil of New Jersey (Esso Intl)
Walter E. Heller International Corp.	Stein, Hall and Co., Inc.
Johnson and Johnson	Unifroyal, Inc.
The Lubrizol Corporation	The Valeron Corporation
Norton Company	Watkin Products, Incorporated

6. COMPANIES WITH INTERIM RESPONSES; NO FINAL REPLY RECEIVED TO DATE

Burnett Leo Co.	McGraw-Hill, Inc.
Crowell-Collier and MacMillan, Inc.	Motorola, Inc.
Dewitt Drug and Beauty Products, Inc.	Burlington Industries, Inc.
Hewlett-Robins Div. of Litton Industrial Systems, Inc.	The Vendo Company
Standard Brands, Inc.	Weyerhaeuser Company

APPENDIX 21

TEXT OF H.J. RES. 1139¹

92^d CONGRESS
2^d SESSION

H. J. RES. 1139

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 1972

Mr. DIGGS (for himself, Mr. BADILLO, Mr. BINGHAM, Mr. BURTON, Mrs. CHISHOLM, Mr. CLAY, Mr. COLLINS of Illinois, Mr. CONYERS, Mr. DELLUMS, Mr. EDWARDS of California, Mr. FAUNTROY, Mr. FRASER, Mr. HAWKINS, Mr. HALPERN, Mr. KOCH, Mr. METCALPE, Mr. MIKVA, Mr. MITCHELL, Mr. NIX, Mr. RANGEL, Mr. ROSENTHAL, Mr. RYAN, Mr. SCHUEER, and Mr. STOKES) introduced the following joint resolution; which was referred to the Committee on the Judiciary

JOINT RESOLUTION

To protect United States domestic and foreign policy interests by making fair employment practices in the South African enterprises of United States firms a criteria for eligibility for Government contracts.

Whereas the presence in the South African economy of American businesses engaged in the exploitation of labor and in racial practices poses a serious threat to United States domestic and foreign policy interests; and

Whereas the existence in South Africa of a governmentally established, promoted, and enforced nonfree labor system which generates an institutionalized cheap labor market, is detrimental to the interests of international free labor, constitutes

¹ An identical measure, H.J. Res. 1244, was introduced on June 29, 1972 with the following co-sponsors: Mrs. Abzug, Mr. Begich, Mr. Dow, Mr. Harrington, Mr. Helstoski, Mr. Reid, and Mr. Wolff.

unfair competition in commerce, and in particular threatens the economic well-being of United States workers; and

Whereas the South African regime legally imposes a system of racial discrimination; and

Whereas participation by United States businesses in such discriminatory practices is contrary to the principles of the Constitution of the United States, and the legal obligations of the United States under the Charter of the United Nations; and

Whereas this situation endangers the peace of the area and indeed of the world; and

Whereas President Nixon's policy position, as stated in his Report on United States Foreign Policy for the 1970's of February 25, 1971, affirms that:

"Both our statements and our actions have, or should have, made it patently clear to all concerned that racism is abhorrent to the American people, to my administration, and to me personally. We cannot ignore the tensions created in Africa by the denial of political self-determination. We shall do what we can to foster equal opportunity and free political expression instead. We shall do so on both moral and practical grounds, for in our view there is no other solution."

Now, therefore, be it

1 *Resolved by the Senate and House of Representatives*

2 *of the United States of America in Congress assembled,*

3 SECTION 1. No United States person (a) having a

4 major investment in an enterprise in the Republic of South

5 Africa, hereinafter called South Africa, or (b) affiliated with

6 an entity doing business in South Africa, shall be eligible to

1 enter into any contract with any agency of the United States
2 Government unless such United States person is doing busi-
3 ness in South Africa in accordance with fair employment
4 practices and is listed on the roster to be established under
5 section IV of this joint resolution.

6 SEC. 2. (a) The President shall delegate to the head
7 of the department or agency of the Government, that ad-
8 ministers contracts and subcontracts pursuant to Executive
9 Order Numbered 11246 relating to nondiscrimination in
10 employment by Government contractors and contracts (here-
11 inafter referred to as the Administrator), the powers con-
12 ferred on him under section 1 of this resolution: *Provided*,
13 That, the functions under section IV and section VI of this
14 resolution are nondelegable.

15 (b) For the purpose of exercising his authority, func-
16 tions, and his responsibilities under this resolution, the
17 Administrator is vested with all the authority and powers
18 granted by Executive Order 11246, as well as the authority
19 both to enforce sanctions and penalties provided in the Ex-
20 ecutive order, as applicable, and to exercise those further
21 powers created under this joint resolution.

22 (c) (1) The President shall appoint an Advisory Board
23 for the purpose of recommending policy to the Administra-
24 tor for the purpose of exercising his authority under this
25 joint resolution.

1 (2) The Advisory Board shall be composed of ten
2 members as follows:

3 (A) The Administrator, who shall serve ex officio.

4 (B) Nine members appointed by the President as
5 follows:

6 (i) one member from the field of education,

7 (ii) one member from the field of labor,

8 (iii) one member from among representatives
9 of civil rights organizations,

10 (iv) one member from the field of business,

11 (v) one member from the Department of Com-
12 merce,

13 (vi) one member from the Department of
14 State,

15 (vii) one member from the Equal Employment
16 Opportunity Commission, and

17 (viii) two members representing the public
18 interest.

19 (3) The President shall designate a Chairman from
20 among members of the Advisory Board.

21 (4) A vacancy in the membership of the Advisory
22 Board shall be filled in the same manner in which the orig-
23 inal appointment was made.

24 (5) Members of the Advisory Board appointed by the
25 President shall be appointed for terms of three years; ex-

1 cept that of the members first appointed, three shall be
2 appointed for terms of one year, and three shall be ap-
3 pointed for two years, as designated by the President at
4 the time of the appointment. Any member appointed to
5 fill a vacancy occurring prior to the expiration of the term
6 for which his predecessor was appointed shall be appointed
7 only for the remainder of such term.

8 (6) The Administrator is authorized to provide for
9 necessary secretarial and staff assistance for the Advisory
10 Board.

11 SEC. 3. (a) As used in this joint resolution, the term
12 "United States person" means either:

13 (1) one or more individuals who are United States
14 citizens; or

15 (2) corporations, partnerships, legal representa-
16 tives, mutual companies, joint stock companies, trust,
17 unincorporated organizations, trustees, trustees in bank-
18 ruptcy, receivers, or other associations, including non-
19 profit associations, created under the laws of the United
20 States or any State or territory thereof; or

21 (3) (A) foreign corporations in which more than
22 50 per centum of the total combined voting power of all
23 classes of stock is owned directly or indirectly, by
24 United States shareholders, or their agents, on any day
25 during the calendar year; or

1 (B) foreign corporations, partnerships, or other
2 associations owned or controlled, either directly or indi-
3 rectly, or created by, one or more such United States
4 citizens, corporations, partnerships, or other associa-
5 tions, or their agents, on any day during the calendar
6 year.

7 SEC. 4. (a) It shall be the duty of the Administrator,
8 after notice and opportunity for hearing, to review the em-
9 ployment practices of United States persons in South Africa
10 having a major investment in an enterprise in South Africa
11 and to issue an order establishing a roster of such United
12 States persons doing business in South Africa in accordance
13 with fair employment practices. The Administrator shall
14 review the eligibility of each United States person in South
15 Africa having a major investment in an enterprise in South
16 Africa, or affiliated with an entity doing business in South
17 Africa, for inclusion on the roster established under this
18 subsection.

19 (b) The Administrator shall conduct a review of eligi-
20 bility not less than once every two years.

21 (c) Any United States person aggrieved by an order
22 of the Administrator issued under subsection (a) of this
23 section may seek judicial review thereof in accordance with
24 the provisions of chapter 7 of title 5, United States Code.

25 SEC. 5. (a) The Administrator shall:

1 (1) Define the term "major investment" at least to
2 include any investment (a) either totaling more than 50
3 per centum of the aggregate investment in the enterprise
4 concerned, or (b) enabling effective control of the enterprise
5 to be exercised, or (c) effecting ownership or control of the
6 enterprise by one or more United States persons.

7 (2) Define the term "fair employment practices" to
8 include the concepts of equal pay for comparable work,
9 equal fringe benefits, equal hiring and training opportunities,
10 and equal opportunity for advancement to supervisory and
11 higher positions, all without regard to race or color.

12 (3) Define the term "affiliated with" to include "with
13 ownership by", or "owned by", or "controlled by the same
14 interest".

15 (b) The Administrator shall issue regulations setting
16 forth these definitions.

17 SEC. 6. The President may, for reasons of national
18 security or national defense, exempt any United States
19 person from the provisions of section 1 of this joint resolu-
20 tion for a period not exceeding ninety days. Any such
21 exemption may be renewed by the President for a period
22 not exceeding an additional ninety days, and thereafter no
23 additional exemption may be granted under this section
24 to the same United States person for a period of two years.
25 The President shall, prior to granting any exemptions under

1 this section, certify that no reasonable alternative means of
2 protecting the national security or national defense exist.
3 The President shall notify the chairman of the Committee
4 on Foreign Relations of the Senate and the chairman of the
5 Committee on Foreign Affairs of the House of Representa-
6 tives of any exemption granted by him under this section
7 not less than thirty days before the effective date of such
8 exemption.

9 SEC. 7. (a) Whenever—

10 (1) it is charged in writing under oath by any
11 person, real or corporate, in a statement setting forth the
12 facts upon which it is based, or

13 (2) a written charge has been filed by a member
14 of the Advisory Board where he has reasonable cause
15 to believe,

16 that a United States person having a major investment in
17 South Africa or affiliated with an entity doing business in
18 South Africa, who is entering or has entered into a contract
19 with any agency of the United States Government, is not
20 doing business in South Africa according to the standard for
21 fair employment practices as prescribed by the Administra-
22 tor pursuant to section 5 (b).

23 (b) The Administrator shall furnish such United States
24 person with a copy of such charge and shall make a prelimi-
25 nary investigation of such charge. If the Administrator deter-

1 mines that the charge is nonfrivolous, he shall set the matter
2 for hearing as speedily as possible. Interested persons may
3 file memorandums in support of or in opposition to such
4 charge.

5 (c) The Administrator shall make findings and issue an
6 appropriate order in accordance with section 1 of this joint
7 resolution.

8 SEC. 8. (a) The Administrator shall issue such additional
9 rules and regulations as may be necessary to carry out the
10 provisions of this joint resolution; and the head of each execu-
11 tive department and agency shall comply with the regula-
12 tions, rules and orders of the Administrator.

13 (b) The Administrator shall require all Government
14 contracting agencies to include in every Government con-
15 tract provisions to give effect to this joint resolution.

16 (c) The Administrator may cancel, terminate, or sus-
17 pend or cause to be canceled, terminated, or suspended, con-
18 tracts with a contractor who becomes ineligible, under the
19 requirements of this resolution, after the contract has been
20 entered into. Contracts may be canceled, terminated, or sus-
21 pended absolutely, or their continuance may be conditioned
22 upon a program of compliance approved by the contracting
23 agency and the Administrator.

24 (d) The Administrator may secure directly from any

1 department or agency of the United States information neces-
2 sary to enable it to carry out this joint resolution.

3 (e) In the conduct of any investigations or hearings
4 under this joint resolution, the Administrator shall have the
5 power to sign and issue subpoenas, administer oaths, examine
6 witnesses, receive evidence, take depositions, and to require
7 by subpoena the attendance and testimony of witnesses and
8 production of all books, papers, and documents relating to
9 any matter under investigation.

10 SEC. 9. The Administrator shall submit to the Presi-
11 dent and to the Congress an annual report, including a re-
12 port of the Advisory Board, on the operations and activities
13 under this joint resolution.

14 SEC. 10. Members of the Advisory Board shall serve
15 without pay, except that, while away from their homes or
16 regular places of business in the performances of services
17 for the Board, members of the Board shall be allowed travel
18 expenses, including per diem in lieu of subsistence, in the
19 same manner as persons employed intermittently in the
20 Government service are allowed expenses under section 5703
21 (b) of title 5, United States Code.

22 SEC. 11. The provisions of section 1 of this joint resolu-
23 tion shall take effect one year after the date of its enactment.