

# FOREIGN FIRMS IN SA - USA.

1985

JANUARY — MAY

Section 293 of the Companies Act requires holding and subsidiary companies to have co-terminous financial years, but Section 293(2) caters for the situation where this is not possible, and requires that a statement be given setting out the reasons why the financial years did not coincide together with the date of the financial year end of the subsidiary. Such situations are likely to be rare in South Africa, and generally will relate to foreign subsidiaries. More latitude is allowed in other countries, such as the United States. Regulation S-X Rule 4-02(a) (2) of the Securities and Exchange Commission permits differing financial year ends provided the difference does not exceed 93 days, the subsidiary's financial year end is stated, and a brief explanation given of the necessity for the difference.

The use of differing financial year ends may distort the results of the group, and every effort should be made to avoid it. If this proves unavoidable, it should not be used as an excuse for failing to consolidate the subsidiary concerned. The difference in dates should be consistent from one period to the next.

A purely practical problem caused by differing financial year ends is that inter-company accounts will not agree (unless there have been no transactions between the holding company and the subsidiary in the intervening period). It is insufficient to show the net difference as a liability or an asset - the difference should be analysed and as far as possible, pro forma adjustments should be made. Failure to do so could result in a duplication of assets.

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(FRENCH COMING)

EXPERT SAYS FIRMS CAN EFFECT S. AFRICAN CHANGES (1,160)  
By Ken Broadhurst  
USIA Staff Writer

WASHINGTON -- American companies have been at the forefront of removing racially discriminatory practices from the South African workplace, according to an analyst with an independent corporate research organization in Washington.

"Greater outspokenness" on the part of the U.S. business community in South Africa can have a significant impact on Pretoria and lead to changes that South Africa's blacks will consider meaningful, says David P. Hauck, a senior analyst at the Investor Responsibility Research Center (IRRC), which reports on economic and social issues that affect corporations and institutional investors.

In testimony January 31 before the Subcommittee on Africa of the House Foreign Affairs Committee, Hauck and three other witnesses reported on the extent of American economic involvement in South Africa and the impact U.S. companies have had on the pace and direction of social and political change there.

Also testifying before the Africa subcommittee, chaired by Representative Howard Wolpe of Michigan, were Ford Motor Vice President William D. Broderick, who spoke on behalf of the signers of the Sullivan Code of Fair Employment Practices; Dr. Jean Sindab, executive director of the Washington Office on Africa, a lobbying group for majority rule in South Africa; and Dr. Clifton R. Wharton, Jr., chancellor of the State University of New York, chairman of the board of the Rockefeller Foundation, and a director of the Ford Motor Company. Wharton was testifying as a private citizen, and not in any official capacity.

Subcommittee chairman Wolpe, a Democrat, said the purpose of the hearing was "to deepen our understanding of the contemporary U.S. economic relationship with South Africa and of the possible economic and political consequences of U.S. economic sanctions."

Representative Jerry Solomon, the highest ranking Republican member of the subcommittee, expressed his opposition to apartheid and told the witnesses that despite differing opinions among Americans on how to deal with South Africa, "the goals remain the same." He said he hoped the January 31 hearing would be "a first step towards a positive and objective public debate on what the American approach to South Africa should be."

Solomon added, "One of the issues that concerns me is that our record on the subject of unilateral trade sanctions is not all that impressive. As a matter of fact, they have been complete failures. It usually ends up hurting us more than the intended victim."

IRRC analyst Hauck told the House panel that, from the U.S. point of view, American economic involvement in South Africa is not very large. "Only one percent of this country's total direct investment overseas is in South Africa," he said.

"But from South Africa's vantage point," Hauck pointed out, "U.S. direct and indirect investment, (including) bank loans and trade, is significant." He said that U.S. companies account for nearly

one-fourth of all foreign investment in South Africa.

Hauck told the panel that segregated work areas, changing rooms, cafeterias, and washrooms are "a thing of the past" at most U.S. firms operating in South Africa. And he said that "an active minority of the U.S. firms in South Africa began challenging Pretoria's restrictions on training and advancing blacks into more skilled positions in the late 1970s."

Hauck also pointed out that "a handful of U.S. firms" had recognized independent black trade unions in South Africa at a critical time in the development of such unions. The firms did so in the face of opposition from the South African government and the rest of the business community, he said, adding that they were willing to work out a more equitable approach to labor-management relations with the new unions.

"All of these changes...are now largely accepted by most companies and the government as well," Hauck said.

And while workplace reforms "do not directly undermine apartheid," he said, "they may serve to weaken it indirectly by changing white attitudes."

Ford Vice President Broderick, speaking for the 135 U.S. companies which adhere to the voluntary Sullivan Code of Fair Employment Practices, also told the congressional panel that many U.S. companies "actively -- and successfully -- participated in efforts to bring about changes in South Africa's discriminatory labor laws, including the removal of restrictions on the formation of black trade unions."

The Sullivan code, named for the Reverend Leon Sullivan, a black Philadelphia clergyman who has led the effort to encourage American companies to practice racial equality in their South African businesses, was first signed by 12 companies in March 1977. It calls for equal pay for equal work regardless of race and an increase in the number of black managers, and was recently amplified, Broderick said, to include a call for the elimination of all apartheid laws.

He said companies which have signed the code have not limited their efforts to the workplace. "Spending on community development activities has more than doubled since 1980," he said, adding that these activities include:

- non-employee education programs;
- business development support;
- deposits in black-owned banks;
- housing, health, welfare, and recreation programs;
- assisting employees with residential rights; and
- support for public interest law firms.

"Total corporate spending on these activities through June 30, 1984, is in the neighborhood of 100 million dollars, in addition to tens of thousands of corporate employee days contributed in the education, training, and assistance areas," he said.

"The greater the economic power -- including trade union power -- and the educational level of the black community...the more successful it will be in making its political voice heard," Broderick told the panel.

He challenged the advocates of U.S. withdrawal from South Africa "to demonstrate in a credible way exactly how and when disinvestment would result in something other than loss of jobs for thousands of people."

Both New York State University Chancellor Wharton and Washington

Director Sindab called for U.S. companies to cut their ties with South Africa.

"U.S. corporations employ only 70,000 blacks -- including 'coloreds' and Asians -- only one percent of the total black workforce," Sindab said. "Even if they wanted to be a good influence, the impact on the South African economic and political system would be negligible."

Wharton said he had come to the conclusion that, while there has been some positive change for those non-white South Africans employed by U.S. firms, "for the overwhelming, vast majority, the millions, indeed the situation is worse."

He added, "What we face, fundamentally, is the need to address the broader foreign policy question...in terms of the national conscience of the United States, not the corporate conscience, not the personal conscience which I would express. That is a far more difficult issue to deal with. At core, the fundamental question is to adopt a broad U.S. foreign policy which will try to achieve that goal."

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(FOLLOWING FS MATERIAL NOT FOR PUBLICATION)

REBEL LEADER SAYS THE ANC IS NOT YET READY TO TALK (1,450)

February 1 Washington Post carried the following front-page article by Glenn Frankel, under the headline "Rebel Plans More Violence: 'This Is No Time to Talk,' Exiled S. African Says."

(BEGIN TEXT)

A top military leader of South Africa's main exiled resistance movement says his organization is not yet ready to lay down its arms in return for talks with the white-minority government and plans to intensify its sabotage campaign inside South Africa.

In his first interview with a western news organization, Joe Slovo, chief of staff of the military wing of the African National Congress (ANC), said, "This is no time to talk to them because we're not strong enough to impose anything on them."

The three-hour interview took place last weekend in an African capital that, under conditions stipulated by ANC officials, cannot be identified.

Slovo, 58, a former lawyer and a Communist who left South Africa 22 years ago, heads the government's most-wanted list and has been portrayed by police there as the white master terrorist who has manipulated the movement's black majority toward Marxist ends.

He is alleged to have planned most of the ANC's major sabotage and terrorist operations, including four explosions at the country's sole nuclear power plant in 1982 and the 1983 car bomb blast outside Air Force headquarters in Pretoria that killed 19 persons and injured 200, many of them civilians.

Slovo denied that he had planned the Pretoria bombing but said he did play "a productive and useful role" in the movement's military operation. He said while he regretted civilian casualties, some were

# US Government rejects Tutu's call to companies

Argus Foreign Service

WASHINGTON. — The United States Government today rejected Bishop Desmond Tutu's call for foreign companies to set a deadline of 18 to 24 months to press for reform in South Africa.

The Nobel Peace Prize winner's Johannesburg news conference was widely reported in the US Press. He was quoted as saying punitive and economic sanctions should be applied if reform conditions imposed by foreign investors were not met in South Africa in the specified time.

But in Washington, State Department spokesman Mr. Robert Bruce said the US did not agree that a specific timetable should be set or that sanctions should be imposed as punitive actions.

The exchange over sanctions comes at a time when hostility towards apartheid appears to

have increased dramatically throughout the US and when sanctions measures are being readied for debate in the US Congress and other legislatures.

Meanwhile, after a break over the holiday period, anti-apartheid demonstrators have resumed their campaign of provoking their own arrests near South African diplomatic offices in the US.

Yesterday nine people were arrested near the SA embassy in Washington.

So far, more than 430 people, many of them politicians, academics and labour leaders, have been arrested in 11 cities since the protests were launched in Washington by the Free South Africa Movement on November 21.

A spokesman for the movement said today that the demonstrations would spread to 20 cities by next week.

# Short-term outlook dour, says Wilking

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In this question-and-answer session, Mr Lou Wilking, president of the Midland Chamber of Industries, gazes into a rather clouded crystal ball and offers a sombre view of the year ahead for the Eastern Cape.

**THE vehicle manufacturing industry, a key component in the economy of Port Elizabeth/Uitenhage, ended 1984 with sales at a very low level. How will the sector fare in 1985?**

In 1982 new passenger car sales totalled 283 427 and 272 822 in 1983. It is forecast that sales for 1984 will be 265 000 units.

However, a comparison of the annual sales figures does not reflect the real impact of the downturn.

In the first half of 1984 car sales were 159 181 units, or an average of 26 530 units per month. The average for the second half of 1984 was 17 636 units. This is a drop of 33%.

The pattern for commercial units was the same, where the drop was 24%.

It is forecast that new passenger car sales in 1985 will be 230 000 units and commercials 130 000 units.

It is expected that the low level of vehicle sales experienced in the last six months of 1984 will continue into the first half of 1985 with increases in volume forecast for the remainder of the year.

If one looks at the last six months of 1984 average of roughly 27 400 units, the 1985 monthly average of a forecast 30 000 units is up about 9.5%.

The PE/Uitenhage manufacturers are expected to take 34% (about the same as 1982 and '83) of the total market in '84, that is about 136 000 units.

If their share remains at 34% for 1985 the volume will drop to 122 000 units and this can only improve if they can achieve a larger share of the market.

To hold the area's volume would require 37.8% of the market, up 3.8% over 1984, which will be difficult to achieve given the extreme competitiveness of the South African vehicle market.



By Louis Beckerling  
Business Editor

Sanlam have bought into Nissan, which would seem to suggest that in the medium/long term the outlook for the industry must still be attractive from an investment point of view:

The question is incorrect in its assumption, as it is understood Sanlam have bought into Messina Mining, a company which owns Nissan, Steelmobile, Motorware, among a number of companies, as well as Messina's mining interest.

Obviously Nissan is an important entity in this acquisition and it's assumed that Sanlam consider the automotive sector an attractive long-term venture.

Vehicle density among white South Africans equals the United States, however in the non-white sector vehicle density is similar to other Third World nations.

South Africa, while it is faced with many problems, also has many opportunities. The country is blessed with large quantities of rare and semi-rare minerals, it has a First World infrastructure and it has employable people.

If things like the housing shortage can be arrested, electricity is installed in those areas requiring it,

and education is expanded for all peoples to equal levels, then many jobs can be created.

As the economic wheel begins to turn and if it turns rapidly, the non-white people of South Africa will participate in the economic fruits of this lovely land and they will buy electrical appliances and furniture and clothes and TVs and automobiles.

If their automobile density then equals the whites, there will be 10 million more vehicles sold — that's three times what's on the road today, and that generates more jobs at the vehicle manufacturers, at the component suppliers, at the petrol stations, at the repair garages, at the finance houses... and so the wheel turns.

I think Sanlam sees these opportunities, not today's problems — which they also see as unique opportunities.

After many years of talks about the need for rationalisation in the automotive industry, Ford and Amcar are looking at various options. If some type of merger results from these talks, do you see this pressuring other vehicle manufac-

At his investiture as president of the MCI for 1985 is Mr LOU WILKING (centre), managing director of General Motors, with MCI office-bearers (from the left) Mr PETER MORUM (vice-president), Mr BILL ODDY (deputy president), and Mr HENRY WHITTAKER (outgoing president); and Prof LAWRENCE SCHLEMMER, guest speaker at the MCI's annual meeting.



turers into rationalisation moves?

At last count the vehicle capacity on one shift of manufacturers is about 740 000 units.

The forecast for 1985 is 360 000 units and the all-time record volume for any year was 453 541 units in 1981.

It is obvious that there is more capacity in place than required on a one-shift basis and cost efficiencies do not begin to occur until facilities are worked on a two-shift basis.

So it would appear that manufacturing rationalisation will occur, if synergies exist between companies.

If this leads to cost efficiencies for the rationalised companies, others will have to look to similar means to remain competitive.

The PE/Uitenhage area, since the development of the local content programme in the early 1960s, has changed from being the least costly area to build vehicles to an area of substantial location penalty.

Most raw materials and component suppliers are in the Reef area and so are most of the customers.

The net result is a vehicle on average costs R150 to R200 more in Port Elizabeth/Uitenhage than in the Reef area.

The 136 000 units produced by this area in 1984 carried a penalty of about R20 to R27 million.

The Midland Chamber of Industries has been negoti-

ating with the Decentralisation Board for several years for assistance to the area.

In 1983 a nominal freight rebate on limited methods of shipment was given but this did not address the problem meaningfully.

After further discussions additional decentralisation assistance has been promised and if it is implemented it will correct about half the problem.

The Mayor, Mr Ivan Krige, was very right in stating the area is being "ripped off".

For too long the area has had an attitude of "nothing we can do about it".

As a result the shoe business, which used to be 60% in the area, is down to 15%, and the automotive industry, which used to do 62% in the '60s, is down to 34%!

However, the problem is broader than individual companies, or the Midland Chamber or the Mayor.

It is the people of Port Elizabeth/Uitenhage.

How many of our professionals, our politicians and shopkeepers, the workers of Port Elizabeth/Uitenhage, support their own area?

If they don't, they may wonder where their patients, or voters, or customers or employees have gone!

PE/Uitenhage is the home of many multinational companies. In this regard do you envisage the "disinvestment plea" currently be-

ing campaigned in the US having any effect on the potential expansion of the multinationals in Port Elizabeth/Uitenhage?

As a protest against the South African Government's policy of apartheid, legislation has been passed in some US states and municipalities, and introduced in others, requiring disinvestment of state and municipal funds from any firm with activities in South Africa.

Further, legislation has been introduced on the national level to prohibit new US investment in and bank loans to that country.

General Motors is firmly opposed to the South African policy of apartheid.

The corporation has spoken out publicly and privately against such policies and continues to attempt, wherever possible, to change the policy of apartheid through the channels open to foreign manufacturers operating in South Africa.

General Motors, however, does not support legislation dictating the disinvestment of securities of firms with activities in South Africa, as this could penalise companies which, through their commitment of resources as well as the dedication and efforts of their local managers, are contributing to the achievement of social justice and racial reform in that country.

Clearly, firms which subscribe to the Sullivan principles and are committed to desegregation and improving social equality should not be subject to disinvestment legislation.

It can be assumed that the ultimate effect of widespread disinvestment legislation would be the withdrawal of American

companies from South Africa.

An emotional tone typifies the arguments in favour of disinvestment.

The usual argument is that apartheid is morally evil and no nation or company should deal with a government that enforces apartheid, because, if it does, it is encouraging that government.

This argument is based on abstract moral values that fail to take into account the effect of disinvestment on human beings.

On the other hand, the most powerful argument against disinvestment is both moral and pragmatic, namely, that the only people who will be significantly hurt would be the very people Americans seek to help — the non-white people of South Africa.

If American companies were to leave South Africa, the American leadership role would be greatly diminished, and the progress made to date could be reversed.

There would be a loss of jobs if American companies were to merely abandon their operations.

American operations could also be replaced by others less sensitive to the needs of non-whites.

Moreover, it has been pointed out that disinvestment would also tend to destabilise the economies of the countries neighbouring South Africa.

Botswana, Lesotho, Swaziland (all of which are now relatively stable black-run states), and Mozambique all have substantial numbers of people with jobs in South Africa and their economies depend on the earnings from these jobs.

It is believed that if are lost in South Africa because of the withdrawal of American firms, the jobs to go will be those workers from neighbouring states.

Against this background I can assure you that has every intention of staying in South Africa.

I'll make my stance known after my trip'

# Kennedy still skirts issue of disinvestment

Star 8/1/85

Senator Edward Kennedy again ducked the disinvestment issue today when he told top businessmen he would postpone making his decision known until after his trip.

Senator Kennedy told the Johannesburg meeting that he "will offer specific recommendations" about disinvestment after his trip and after he had spoken to more South Africans.

Addressing the combined Chambers of Commerce this afternoon, he also urged businessmen to welcome the emergence of new forces for peaceful change such as the United Democratic Front.

## US disinvestment: R28 000-m at stake

By Michael Chester

The staggering chunk of the South African economy at stake in the disinvestment issue has been assessed in a special survey undertaken by Professor Carl Noffke, director of the Institute for American Studies at the Rand Afrikaans University:

- More than 350 United States companies have nearly R6 000 million invested in South Africa.
- The number of US companies carrying on business here in import and export trade is estimated at 6 000 or more.
- Loans from US banks to the private and public sectors in South Africa account for another R12 000 million.
- And if all items are covered in the count, including the value of shares held by Americans, the overall US investment in South Africa soars to a phenomenal R28 000 million.

However, on the other side of the coin, Professor Noffke points out that a recent analysis by the Institute for European Economic Studies, based in London, warned that most Western nations would be seriously weakened — economically and strategically — in the event of loss of trade with South Africa.

Examples of strategic minerals supplied by South Africa on which the West depended included chromium, cobalt, manganese and platinum — plus copper, nickel and vanadium.

Supplies were crucial not only to the West's military machine but also to the manufacture of items such as computers, TV sets, cars, locomotives, jet aircraft and oil refineries.

## Police and SADF on list

The Star Bureau

WASHINGTON — In the first of an expected series of anti-apartheid steps in the US House of Representatives this session, Congressman Howard Berman of California yesterday introduced legislation banning American exports to the South African military and police.

The Bill, co-sponsored by 28 other congressmen, would also stop the sale of personal computers "which could be used to enforce the pass laws".

The introduction of the measure by Mr Berman, a Democrat, is the second bid to introduce sanctions since Congress assembled last Thursday.

The first was an announcement by Senator William Proxmire of Wisconsin that he would introduce a wide range of economic sanctions measures in the Senate.

The Berman bill, which includes aircraft that the SAAF wants for coastal patrols to replace the obsolete British Shackletons, would remain in force "as long as apartheid exists".

Senator Kennedy said: "I feel I should caution you that neither the American people nor the US Congress will be satisfied with repeated generalities without real movement towards a new reality in South Africa.

"I want to make it clear now that we cannot accept statements of goodwill as a substitute for concrete actions to achieve fundamental rights."

The senator said he had heard the claim of some change in South Africa already but this had been accompanied by continuing repression and in too many areas too many blacks had fallen too far behind.

"The public statement last night by business organisations calling for reforms, including an end to forced resettlement, could be an important milestone — if it not only reflects a sentiment but signals genuine change."

Many businessmen had been ahead of the Government, as, for example, when the Federated Chamber of Industries, and Afrikaanse Handelsinstituut had called for the release of imprisoned labour leaders.

But the justice that businessmen could do would ultimately be undone if they did nothing about South Africa's unjust legal code.

The senator slammed the Mixed Marriages Act and laws on immorality, group areas, and influx control as "the reigning relics of a discredited racism" which had to be repealed.

South Africa's top business leaders had earlier snatched the initiative from Senator Kennedy as he was preparing to address them today. They put forward their own demands for political reform — including one that blacks should have the vote.

## Demands

The demands, compiled with the support of the country's largest business groupings, were made available to Senator Kennedy yesterday.

Their reform plans include six demands for dismantling apartheid:

- Meaningful political participation for blacks, including the vote.
- Black South Africans should be allowed to own shops and conduct trade anywhere in the country. There should be no job reservation.
- South African citizenship for all, meaning an end to the policy of declaring black people citizens of tribal homelands.

## Detentions

- Free and independent trade unions.
- Cutting back the wide-ranging power of the police to detain people without charges.
- Ending forced removals.

Senator Kennedy met some of the businessmen privately last night.

The demands were endorsed by the Associated Chambers of Commerce, the Federated Chambers of Industry, the all-black National African Federated Chambers of Commerce, and the Steel and Engineering Industries. — Political Staff, Associated Press.

● See Page 11.

RDM 8/1/85 (12/12) (18/18) (62)

# Senator sought on fired workers

By JEANETTE MINNIE

THE United Mining, Metal and Allied Workers' Union of South Africa (Ummawosa) was yesterday urgently seeking a meeting with visiting United States Senator Edward Kennedy, following the dismissal of almost 500 workers by the controversial US Union Carbide company.

The workers were dismissed last month from the Tubatse Ferrochrome plant near Lydenburg, managed directly by Union Carbide (USA) — a signatory of the Sullivan Code.

Union Carbide jumped into world headlines late last year after a gas leak from its Bhopal plant in India claimed the lives of at least 2 500 people.

Union Carbide USA owns 51% of Tubatse Ferrochrome and holds the management contract, while the South African Gencor mining group owns the remaining 49%.

Ummawosa claims the workers were dismissed after meeting before work one morning. They had asked a manager to address them on the findings of an

inquiry into a senior white shift supervisor, who allegedly assaulted a black worker. The company mistakenly assumed they were refusing to work unless the supervisor was fired.

Workers requested the meeting after a seven-day deadline for a decision about the supervisor, agreed on by a joint union-management committee, had expired.

They were locked out of the plant the next day and met at the gate by a strong security contingent, including South African Police.

The plant's management has since terminated the union's recognition agreement and told workers they might apply for re-employment by tomorrow, but would be treated as first-time applicants. This means those re-employed will lose service benefits.

Union Carbide's group personnel manager, Mr Cedric Robertson, yesterday claimed the workers had refused to work unless the supervisor was fired and said they were only dismissed after management had invited them to return to work several times.



# US ENVOY

## backs

Capt Tonts  
9/1/85

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# investment

**JOHANNESBURG.** — The United States Ambassador to South Africa, Mr Herman Nickel, warned Senator Edward Kennedy and a large gathering of American and South African businessmen yesterday that disinvestment would not force the government into radical political change.

Delivering a welcoming address at a 750-plate lunch hosted for the visiting Democrat senator by the Combined Chambers of Commerce, Mr Nickel said the South African economy needed to create 250 000 new jobs a year if black unemployment, and all the misery and bitterness that went with it, was not to spin out of control.

"Without that growth, the awesome gaps in the fields of education and housing will not be closed, but will grow even wider," Mr Nickel said.

He reminded Senator Kennedy that he personally had never failed to point out that it was the economically-weak who were most vulnerable to economic downturns. "The difference in South Africa is that the economically-weak lack effective representation and participation in national government. "The notion that an economic squeeze, aggravated by foreign disinvestment and bans on new investment, will force the South African Government to grant such participation and accept radical transfer

of power, strikes me as thoroughly unrealistic." He believed, along with a well-known South African critic of apartheid, Professor Herman Giliomee, that the more likely scenario was the white government using its credit to prop up the declining living standards of its own constituents, leading to greater polarization and more violence of both the repressive and revolutionary variety.

Even without capital problems, the healthy development of the economy, so critical to the entire region, would not take place without a massive effort to develop the country's human resources.

He believed business leaders knew the role they had to play in this regard. "Without efforts to train blacks for responsible and skilled positions, the necessary growth of this economy simply cannot be sustained," the ambassador said.

Mr Nickel shared the senator's indignation at the migrant workers hostel he visited on Sunday. It was one of the



Mr Herman Nickel

worst remnants of an era when apartheid orthodoxy branded such hapless creatures "temporary sojourners", he said.

American businesses were in the forefront of applying the voluntary Sullivan Code of fair employment practices, and business had been active, through support for organizations such as the Urban Foundation, in the fight to open up opportunities for black home-ownership.

"Underlying this activity is the fact that the free enterprise system will survive in this country only if the majority can fully participate in and reap its rewards.

### 'Catalyst'

"The plain fact is that racism is incompatible with both the ethic and the practical requirements of a free economy.

"Indeed, I would submit that perhaps the most significant single catalyst for change in this country has been the realization that a growing industrial society cannot function in the straightjacket of an essentially pre-industrial political ideology.

"That is why measures whose effect it would be to retard . . . and to reduce the economic leverage of blacks, both as producers and consumers, strike me as a singularly wrong-headed way to fight apartheid."

To adopt a policy that would "quite coolly and deliberately reduce job opportunities seems an odd, not to say perverse, way of expressing solidarity and support for those tens of thousands who flocked to Crossroads in a desperate search for work", Mr Nickel said. — Sapa

● Kennedy warns on rights of SA unions, page 9

● Natfoc opposes disinvestment, page 9

While conservative American congressmen are opposed to South Africa's race policies, they will not support disinvestment, a spokesman has made clear.

"We don't buy the disinvestment idea," Congressman Bob Walker of Pennsylvania said in an interview with the *Washington Times*. "We want something done about apartheid, but are not willing to see South Africa destroyed as a nation."

"You know, to have South Africa go the way of Zimbabwe is ridiculous. I know of no conservative who would endorse that. Right now, as a conservative, I'm willing to cut off foreign aid to Zimbabwe. Zimbabwe has had one man, one vote once."

Congressman Walker has emerged as a significant Republican spokesman on Southern Africa. He drafted the letter signed by 35 conservatives that was sent to the South African Ambassador in Washington, Mr Brand Fourie, threatening diplomatic and economic sanctions unless South Africa made progress towards ending apartheid.

The letter is seen in Washington as a factor in President Reagan's recent decision to speak out firmly against apartheid.

In his interview with the *Washington Times*, Mr Walker explained his attitude towards South Africa.

"The fact is we think a continuation of apartheid... weakens them as an ally, weakens them in terms of their ability to be strategically valuable in the future, and it could bring about the kind of internal turmoil that could ultimately bring power to a communist government."

"I have no quarrel with the ANC whatsoever. It's a pro-Soviet movement. The only thing that gives the ANC any validity in a country as successful as South Africa is the fact that people are set apart from their ability to be part of determining their own destiny and their own future."

Mr Walker said he believed constitutional changes in South Africa were a step in the right direction, even though they did not go far enough towards creating a truly multiracial society.

# No disinvestment, say American conservatives

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5 Jan 10/11/85

Rightwing congressmen want to see moves towards ending apartheid but "are not willing to see South Africa destroyed as a nation", reports The Star's Washington Bureau.



Senator Proxmire... compromise plan on the way.

But this, he said, was followed by backtracking when "all of a sudden labour leaders were being held in prison without charge and political dissenters seemed to be in the process of being rounded up and thrown in jail"

Mr Walker noted that prisoners were released after the conservatives sent their letter to Mr Fourie and he suggested that it was more than a coincidence.

Asked about Bishop Desmond

ing South Africa into a pluralistic, democratic society.

"Constructive engagement can contribute to that if the one step taken towards constitutional change is not the last step for the next couple of decades. That would not be acceptable. If in fact it is the first towards several steps towards accommodating the majority of citizens, then that is a worthwhile step."

Mr Walker's statement adds to signs that bipartisan support for effective sanctions may be more difficult to achieve in Congress than was anticipated.

Staff assistants of the Republicans have had a number of meetings with their counterparts working for liberal Democrats to seek common ground in their approach to the South African issue.

But, apart from the natural discomfort that the two groups feel with each other, there appear to be differences over the extent of the measures that both sides would accept.

It seems likely that if a compromise can be reached it will leave current US investments in South Africa in place but will stop new ones.

Legislation along these lines is soon to be introduced in the Senate by Senator William Proxmire and it is expected to be submitted to the House of Representatives too.

In fact, the House approved such a measure during the last session but it was eventually defeated in a dispute with the Senate.

Mr Walker suggested that a broad-based consensus could not be developed if the Democrats were "just posturing", but could be reached if they wished to show that Americans wanted to do something about apartheid.

Even if the rightwing Republicans and the liberal Democrats can reach an agreement, much will depend on the effectiveness of the Reagan Administration in lobbying against sanctions.

But Mr Reagan is a political "jamie duck" in his second term and it is probable that his young rightwingers will rely more on their political instincts than on what the White House asks them to do.

# SA Govt warning of likely disinvestment

CAPL TOURS 10/1/85 62

Own Correspondent

DURBAN. — The government is preparing the country for the economic shock of further American disinvestment, which it regards as highly likely.

In a series of private meetings with businessmen around the country, a senior Foreign Affairs Department official has been warning businessmen to brace themselves for the blow.

Hitherto the government has been tight-lipped on the subject of disinvestment and has played down suggestions that it could have significant repercussions.

But Foreign Affairs assistant director Dr Mark Burgher had talks with groups of businessmen in Durban, Cape Town and Johannesburg warning that disinvestment lobbying in the United States could produce significant results.

## 'Cutting edge'

"He said that all we can do is to try to influence the manner and direction in which disinvestment comes," said a prominent Durban businessman who attended a Durban Chamber of Commerce and Natal Chamber of Industries

meeting with Dr Burgher.

"He wanted us to help blunt the cutting edge."

Mr J L Viljoen, deputy director of Foreign Affairs, confirmed that Dr Burgher had visited businessmen in Durban, Cape Town and Johannesburg.

The department's deputy Director-General, Mr Carl von Hirschberg, said: "This is one of the responsibilities of my department — if we hear of developments overseas we brief the people who will be affected and let them know what can be expected.

"It's quite likely that certain disinvestment measures proposed in the US Congress before its adjournment in November will come into effect in the next session."

Although official US Administration policy was against disinvestment, American cities, states and organizations were being spurred by the "disinvestment lobby" to take action which could strike telling blows on the South African economy, Mr Von Hirschberg said.

## Motion adopted

"The threat is there. A number of American city administrations and states have already adopted disinvestment measures, and a lot more measures are being proposed.

"Recently the US Association of City Treasurers adopted a disinvestment motion."

He said it was obvious that local business viewed disinvestment seriously from the fact that prominent business organizations such as Asso-com, the Afrikaanse Handelsinstituut, the Federated Chamber of Industries and Seifsa had presented touring Senator Edward Kennedy with a memorandum on the subject.

# A big dilemma for Kennedy?

From SIMON BARBER

WASHINGTON. — Whatever proposals he makes after returning here, Senator Edward Kennedy will face tough competition — and possibly an awkward dilemma — if he seeks to become the Senate's leading voice of opposition to apartheid and "constructive engagement".

Congressional sources said yesterday they were certain the Massachusetts senator would proffer his own anti-apartheid bill, rather than signing one with the stiff legislation proposed last week by Senator William Proxmire of Wisconsin.

Mr Proxmire's bill, known as S 147, combines all the anti-South African language contained in last year's aborted Export Administration Act.

A quartet of leading Republican senators, covering the complete ideological spectrum, are currently piecing together an alternative "omnibus" bill that would contain a mixture of punitive, but non-economic, measures and would at the same time seek to provide unprecedented aid to black business and education.

Mr Kennedy's problems include:

- However potent his lineage, he remains a member of the minority party in the Senate.
- Any attempt to out-radicalize Mr Proxmire will automatically be doomed.
- If, on the other hand, his South African trip persuades him that economic pressure may not be the best solution, he will be reviled by the very constituency for which he is seeking to be the spokesman.

Despite the South African issue's current high profile, Mr Kennedy's trip has caused no sensation here. News coverage of it has been pre-empted by the Geneva arms talks and it should also be recognized that the Kennedy aura has faded dramatically in recent years.

RAM 10/1/85 (62)

# Govt prepares for US disinvestment

Mail Correspondent

DURBAN. — The Government is preparing South Africa for the economic shock of further American disinvestment, which it regards as highly likely.

In a series of private meetings with businessmen around the country, a senior official of the Foreign Affairs Department has warned businessmen to brace themselves for the blow.

The Government has been tight-lipped to date on

the subject of disinvestment and has played down suggestions this could have significant repercussions.

But an assistant director in the Foreign Affairs department, Dr Mark Burgher, has talked to groups of businessmen in Durban, Cape Town and Johannesburg, warning that disinvestment lobbying in the United States could produce significant results.

Mr J L Viljoen, deputy director of Foreign Affairs, confirmed that Dr Burgher

had visited businessmen in the three cities.

The department's Deputy Director General, Mr Carl von Hirschberg, said: "It's quite likely that certain disinvestment measures proposed in the US Congress before its adjournment in November will come into effect in the next session."

Although the official Reagan administration policy was against disinvestment, American cities,

states and organisations were being spurred by the "disinvestment lobby" to take action which could strike telling blows on the SA economy, he said.

He said it was obvious local business viewed disinvestment seriously, from business organisations like Assocom, the Afrikaanse Handelsinstituut, the Federated Chamber of Industries and Seifsa had presented visiting Senator Edward Kennedy with a

memorandum on the subject

And church-related groups have filed a record number of stockholder resolutions with various firms, challenging US business practices in South Africa, reports UPI.

The National Council of Churches said on Tuesday that, for the first time, the groups were also joined by a New York City pension fund in their challenge of the country's apartheid policies.

# New York State to probe SA investments

62  
11/25  
Post

NEW YORK — The New York State Governor, Mr Mario Cuomo, has ordered an investigation to determine whether the state could dispose of its investments in companies that do business with South Africa.

However, the sole trustee of the state's massive public employee pension fund, Republican State Comptroller, Mr Edward Regan, has refused to join in the Democratic Governor's programme.

Delivering his annual State of the State address, Mr Cuomo said he was ordering his tax and human rights commissioners "to determine whether an effective state programme of divestment from companies doing business with the Government of South Africa can be adopted".

The Governor, often mentioned as a possible US presidential candidate in 1988, said that while he understood "our federal constitution clearly vests the conduct of foreign policy in the President and the Congress, there occasionally arise certain issues which so transcend the normal discourse of diplomatic relations that individuals, and even states, are obliged to express their views and act accordingly".

"We are unequivocally opposed to the evil system

of apartheid in the Republic of South Africa," Mr Cuomo said. "The funds of the state must not be used to support that system we so strongly oppose."

In his message, Mr Cuomo said he would call on Mr Regan to join in the divestment study. However, a spokesman for Mr Regan said that would not happen.

"While he finds apartheid reprehensible and strongly opposes it, he will not participate in the study," said Mr Marvin Nailor of the comptroller's position.

As head of the \$21 billion (R43,7 billion) state employees' pension system — the largest US public employee pension system outside the Federal Government — Mr Regan decides where the system's money will be invested.

Mr Nailor said that of the 500 companies the system had invested in, about 100 did business in South Africa.

"That includes GM, IBM, Ford and many others," he said.

Legislation has been introduced in the state legislature that would require state officials to end investments in companies that do business in South Africa. Similar legislation failed to gain approval last year from the legislature. — Sapa-AP

# EEC urged to accept Sullivan Code

CAFÉ Times 14/1/84 @ 62

From STANLEY UYS

LONDON. — The extension of the Sullivan Code in the United States should be matched by the EEC, the Financial Times urged in an editorial yesterday.

The Sullivan Code, subscribed to by a fifth of the United States companies in South Africa, sets out six principles which include non-segregation in company facilities, equal pay, training programmes for non-whites and improved housing, education and health care for black employees.

## Freedom

Last month employer responsibilities under the code were taken further and the code now asks United States companies to campaign for the right of black businessmen to set up in urban areas and for complete freedom of mobility for black workers.

The Financial Times editorial said: "Behind the code is an increasingly concerned lobby in the United States, based on the black vote, which can back breaches of the code with consumer action."

"No comparable lobby exists in Europe, where the EEC code of conduct for companies with interests in South Africa has — perhaps for this reason — limited impact."

"The extension of the Sullivan Code should nevertheless be matched by the EEC."

Although the Financial Times editorial does not mention it, the Rev Sullivan will meet representatives of a number of British companies with major interests in South Africa shortly to persuade them to match the Sullivan Code.

## Changing mood

The Financial Times said that if the EEC matched the Sullivan Code it would be reflecting "the changing mood of the local business community in South Africa".

The editorial referred to the "unprecedented" step by six employers' federations in South Africa this week in calling on the government to make concessions to the black community.

It said the South African business community had made calls for reforms in the past, but the

new call for reform came after what could be seen as a watershed year.

Referring to the recent black unrest in South Africa and black trade union activity, the Financial Times declared: "All these pressures can only make more urgent the need to dismantle the apartheid system."

## Furnishing group's R4m rights issue

JOHANNESBURG. — World Furnishers Group Ltd said it will make a rights issue to raise about R4m, to be underwritten by its holding company, W & A Investment Corp Ltd, Mr R Swindler and Mr H Rose, said.

World furnishers said the severe adverse economic conditions in the short-term had caused it to take a cautious view by strengthening the capital base.

As already announced, World Furnishers Pretax income fell to \$3,94m in the year ended June 30 from R4,18m in the previous 12 months. — Reuter

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# Unions call for US disengagement

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**SOUTH African trade unions have called on the United States to stop all new investments which support the apartheid system, including the "homeland" policy in South Africa.**

The unions have also called on the US to pursue a vigorous campaign of constructive disengagement and to ensure that nuclear, computer and defence technology is not sold, or licensed

or franchised in South Africa.

The president of the Council of Unions of South Africa (Cusa), Mr James Mndaweni, said the US should terminate its involvement in so-called homelands because of the exploitation that takes place in these territories.

## **Fosatu**

This view has been supported by Fosatu's president, Mr Chris Dla-

mini, who said that the federation has written letters to the US Government protesting the involvement of American companies in the "homelands."

He said that most American companies operating in South Africa did not adhere to the Sullivan Code of Conduct and were exploiting black workers by refusing to pay them a living wage.

# SOWETAN

WEDNESDAY, JANUARY 16, 1985

~~1/3 1985~~ 62

23c+2c GST (SA) Elsewhere 25c

# UNIONS WARN

By JOSHUA RABOROKO — Labour Reporter

**FOREIGN companies operating in South Africa face massive industrial action unless they adhere to the Sullivan and European Economic Commission codes.**

This tough warning was yesterday issued by the country's most powerful trade union federations, the Federation of South African Trade Unions (Fosatu) and the Council of Unions of South Africa (Cusa). Together these federations account for more than 250 000 of the country's labour force.

The federations have demanded the creation of special committees to monitor the activities of foreign firms in South Africa. They claim that while the codes were introduced several years ago, they have not been adhered to by some foreign companies in South Africa.

These companies have under-employed blacks, continued to pay them wages far below living standards, and their black staff work under conditions far inferior to those under which whites work.

Although the two federations did not indicate what type of action they envisage taking, it is expected that the unions will organise more strikes and product boycotts to pressure the multinationals.

## Boycotts

In recent months several unions have called for boycotts of products produced by most multinational companies — an action reminiscent of the large-scale boycott against the American company, Colgate in the early '80s.

The warning by Fosatu and Cusa comes after affiliates com-

## Multinationals in SA face industrial action

plained bitterly about companies not observing the codes.

Other independent unions, The Commercial, Catering and Allied Workers' Union of SA (CCAWUSA), and the Motor Assemblies Components Workers' Union of SA (Macwusa) have also raised their voices about multinational companies' refusal to adhere to the codes.

The Sullivan Code, designed basically for American companies, was drawn up by the Reverend Leon Sullivan, one of the early leaders of the civil rights movement in the United States.

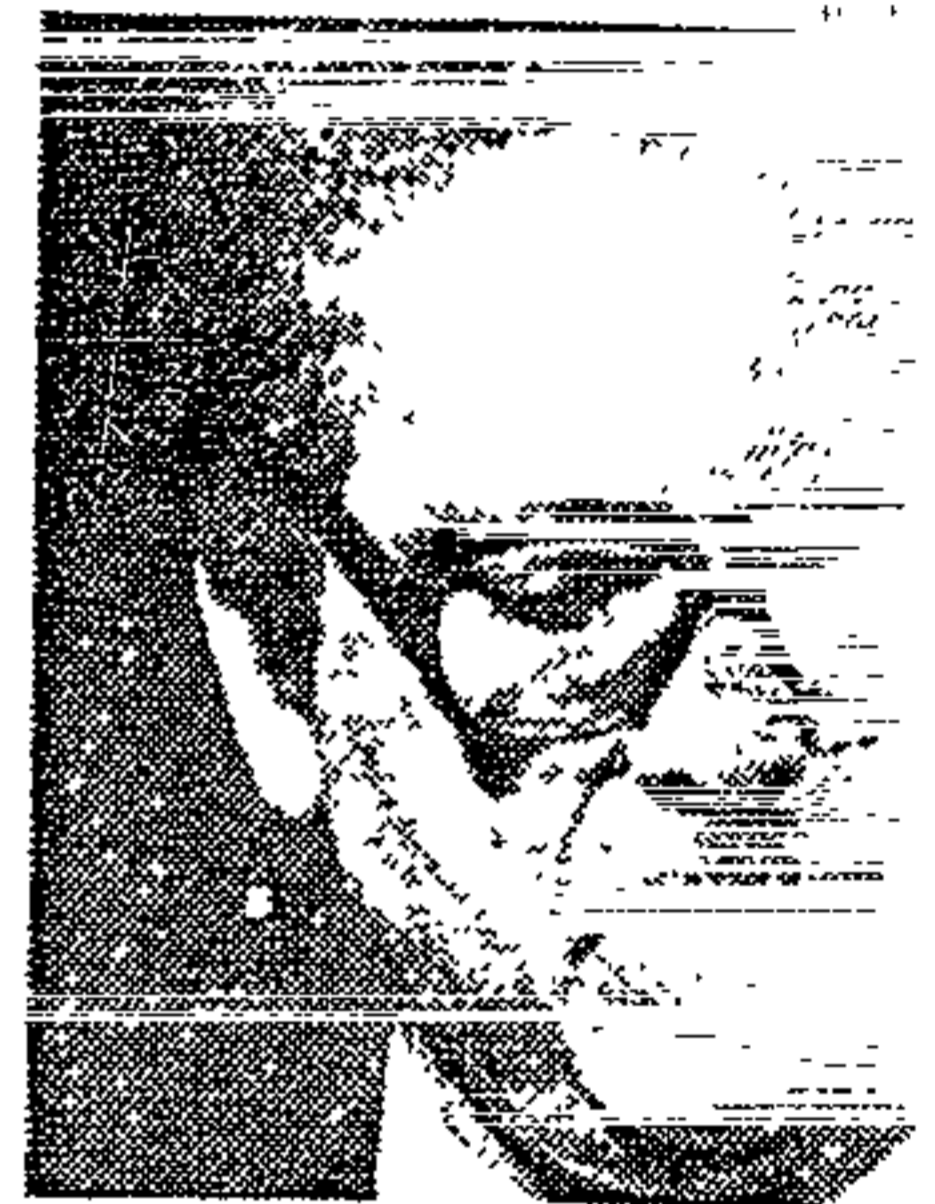
The Code stipulates, inter alia, non-segregation of races in all eating, comfort and work facilities; equal pay for all employees doing equal or comparable work for the same period of time; increasing the number of blacks and other "Africans" in management and supervisory positions; and equal and fair employment practices for all employees.

Fosatu's president, Chris Dlamini, said they have made recommendations to several American companies and Mr Sullivan himself regarding the treatment of some multinationals in South Africa gave to black workers.

"We have also urged that the codes be monitored by a special committee based in South Africa. We have had no positive move and unless this is done we shall be forced to put pressure on the companies, like we did with Colgate a few years ago," he said.

Mr Dlamini said American companies have taken advantage of the "cheap labour" in the "homelands" and have invested in these territories, especially in KwaZulu.

A co-ordinator of the Sullivan principles in SA, Mr Lionel Grewen, said that as far as he was concerned the codes were monitored.



Rev LEON SULLIVAN ... code.

UNBEATABLE

**SALE**

MANY PRICES

GIRLS' SHORT SLEEVED BLOUSES

**3** 49

from

GIRLS' DUNGAREES

**7** 99

from

GIRLS' PLEATED SKIRTS



Cape Times 13/1/85  
62

# US visitors no to disinvestment

Political Correspondent

THREE visiting American congressmen spoke out against both disinvestment and apartheid yesterday after a meeting with the Foreign Minister, Mr Pik Botha, in Cape Town.

The Republican congressmen — Mr Bud Shuster of Pennsylvania, Mr Clay Shaw of Florida and Mr Robert Smith of Oregon — are on a 10-day visit to South Africa as guests of the pro-government South Africa Foundation.

Following the two-hour meeting, dubbed by Mr Botha as useful and open, Mr Shuster said that while the visiting group "abhorred" apartheid, they felt it was nec-

essary to work "constructively" for change in South Africa.

He predicted that pressures by the disinvestment lobby in the United States would produce a "major battle" in the Congress this year.

He felt that it was unlikely US lawmakers would pass measures favouring disinvestment, particularly if they saw evidence of "continuing progress" in South Africa, but added that Congress's stand on disinvestment could well alter if change in South Africa did not materialize.

Mr Smith said disinvestment would hurt the black population most.

# Sullivan Code: Traders reject

## claims

REPRESENTATIVES of overseas governments whose companies operate in South Africa have rejected claims by local trade unions that foreign companies do not comply with the Sullivan and European Economic Community codes.

Their reaction follows threats by unions that unless the codes are "vigorously monitored" industrial actions might follow because of workers' dissatisfaction.

British Embassy's labour attache Mr Tony Gooch said that the EEC codes were voluntary and were monitored when the companies had to present their reports to the embassy here and in their mother countries.

"We also call unions to discuss problems affecting them in regard to overseas companies that refuse to adhere to the codes. We have solved many such problems in the past," he said.

He admitted that perhaps the codes were not "vigorously monitored" but said that "the prob-

lem is that they are not legally binding and the companies merely adhere to them on a question of morals."

German Embassy's labour attache Mr Peter Michalzik has supported Mr Gooch's statement and added that "if the unions have genuine complaints they should

voice them through my office which is open to all."

A co-ordinator of the Sullivan Code, Mr Lionel Grewen reiterated that a questionnaire was normally sent to all signatories of the code and later presented to the monitoring committee in the US.

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127

ROM 21/1/85 (62)

# Opposition to SA increasing

*The long US debate on disinvestment in SA is changing from frenzied rhetoric to legal moves as more cities, states and trade unions join the anti-apartheid campaign.*

SENATOR Lowell Weicker of Connecticut last week became the first US senator — and a Republican at that — to be arrested for demonstrating against apartheid outside the SA Embassy on Washington's Massachusetts Avenue.

It was an indication of how US attitudes towards SA are changing that the event was not regarded as very big news. The liberal Mr Weicker was the 190th on a long list of prominent personalities to have been taken into custody outside the embassy in a non-stop daily protest.

His gesture was the latest symbol of the breadth of the growing nationwide anti-apartheid movement that has become increasingly vocal in its questioning of the Reagan Administration's policy of constructive engagement with SA. This movement is now strongly pressing US business to sever links with the country and calling for economic sanctions.

The latest protests have not yet achieved much in concrete terms. But they have succeeded in putting the Administration and many large companies on the defensive and heightened the chances of some sort of legislative action against SA in the new Congress that gets down to business next month.

This month 29 Congressmen introduced legislation to prohibit US exports of computers, military and police equipment to SA to reduce the "brutality and violence against the people of SA".

Quite separately from the moves in Congress, a nationwide divestment campaign for the withdrawal of all American assets from SA is gathering pace. Five states — Connecticut, Maryland, Massachusetts, Michigan and Nebraska — have passed divestment laws barring investment of pension or other state funds in companies doing business with SA. More than a dozen cities, including New York, Washington, Boston and Philadelphia, have done the same and more states and cities are expected to follow suit this year.

Of the 350 or so American companies operating in SA more than 200 have significant investments there, with a book value of \$2.3bn — about 1% of total US investment abroad — according to the US Chamber of Commerce. The figure has declined from \$2.6bn in 1981, although that may be due as much to economic problems in SA as to the protest

movement in the US. Other estimates put overall American investment including loans and gold stocks, at \$14bn.

Faced with the new momentum behind the divestment movement, the companies, including Ford, General Motors and Mobil, are beginning to fight back, organising corporate committees and lobbying groups. Many companies do not, however, want to be publicly identified with the campaign, for fear of being tarred with the brush of apartheid.

The companies, like the Administration, argue that pulling out of SA is not going to end apartheid and will only hurt blacks the most. It would put an end to any chance of the companies exerting a beneficial influence.

Almost 130 US companies have now subscribed to the so-called Sullivan principles, first advanced eight years ago by the Rev Leon Sullivan of Philadelphia, which call for wage increases, improved training and housing for black workers, and an end to segregation at work. Last month, about 120 companies agreed to strengthen the principles by pressing for broader changes in SA society, including the repeal of all apartheid laws and policies.

The activists, however, argue that such measures affect only about 1% of the labour force and are not going to end apartheid. They believe that the companies are simply saying that they will step up their efforts as a public relations manoeuvre to head off pressure for divestment.

The most important test for the anti-apartheid movement, however, is likely to come on Capitol Hill, where the Democrat-controlled House passed a package of four sanctions in 1983, including bans on further bank loans to or investment in SA and an end to the import of Krugerrands.

The measures foundered in October after opposition by the Republican-led Senate. But something very like them is almost certain to be introduced in the House again in the coming weeks, and Sen William Proxmire, a Wisconsin Democrat, has pledged to do the same in the Senate.

The new Senate is probably marginally more liberal than its predecessor and Mr Proxmire forecasts that his Bill will pass. Perhaps more importantly, the recent protests have succeeded in changing the climate of debate into one in which SA has fewer public defenders. — Financial Times.

# US firms in SA fear pull-out

Cape Times 22/1/85 62

Own Correspondent

JOHANNESBURG. — United States companies operating in South Africa are now openly worried that anti-apartheid lobbying could leave them no option but to pull out of the country.

In an effort to counteract the rising tide against the United States-based companies, the American Chamber of Commerce in SA (Amcham) has called on South African businesses to ask the US companies they deal with to lobby against the threat of boycotts and disinvestment laws.

Unless a change in the thinking of US policy-makers takes place, trade with the US could

also be severely curtailed. With two-way trade worth about \$5-billion dollars in total, the US is South Africa's biggest trading partner.

The executive director of Amcham, Mr Stephen Bisenius, said in an interview yesterday that there was no doubt that efforts to reduce US corporate involvement with South Africa had risen dramatically and would increase still further.

The anti-apartheid issue was becoming more fashionable every day. "There is a snowballing effect taking place as the copycats join in."

The president of the US company Norton Abrasives, Mr Donald

Melville, concurred with this view when in Johannesburg recently, saying pressure on US-owned companies to reduce or discontinue their operations in South Africa was likely to increase.

While pressures on State and municipal bodies to divest their pension funds of companies doing business with South Africa have grabbed most of the headlines, there are moves afoot which could have a far greater impact on the South African economy.

The SA Human Rights Act, due to go before the current session of Congress, would ban any new US investment in the country, prohibit US bank loans to the South African Government and outlaw importation of Kruger rands.

Attempts last session to pass similar legislation failed to get enough support. This time, however, the moves come from a conservative Republican senator, Mr William Proxmire, who is likely to find a more favourable audience given the current anti-apartheid climate.

As an indication of the lack of interest in the positive social activities of US companies in South Africa, Mr Bisenius pointed out that Senator Edward Kennedy had refused to meet management of a single US subsidiary while in South Africa.

## Most feared

While the SA Human Rights Act is likely to have the biggest initial impact on the South African economy, Mr Bisenius said US firms feared a "secondary boycott". New York City and Boston, for instance, were planning legislation to ban dealing with any company which traded with South Africa.

The purchasing power of such organizations was so large that such a boycott would undoubtedly force US companies — there are more than 8 000 — to stop all dealings with South Africa, even if only a few major buyers adopted the policy.

# US fund shuns SA as disinvestment pressure rises

S. Tving

SOUTH Africa's exports of precious metals to the US could be threatened by growing anti-apartheid sentiment in America.

Dan Glickman, a Congressman from Ohio and the chairman of the House of Representatives Science and Technology Sub-committee, is trying to free America's aerospace, steel and motor industries from dependence on South Africa's strategic minerals.

## Different

Such is the furore over South Africa that a gold expert in America is about to launch an initial share offering in a precious metals investment company that will not hold a single share in, or bar of gold from, South Africa's mines.

The reasons for the actions of Congress and the precious metals investment company are different, but both indicate an underlying trend for America to do less business with South Africa.

Jeff Nichols, president of Precious Metals Advisory Inc, says the decision to set up a close-end investment fund for precious metals devoted to Northern American production and mines was based on business logic.

## Growth area

A growing number of American universities and corporations wish to hold a part of their investment portfolios in gold or gold shares. But the institutions, and many of America's pension funds, are under pressure from students and shareholders to keep out of South Africa.

Not only does Mr Nichols hope to tap that market with his North American investment fund, but he believes US gold production is a growth area.

"By investing only in North American precious metals we will have no social, political and or foreign-exchange difficulties. We also think that the growth in output in North America and Canada will expand enormously in the next few years.

By Lauren Chambliss: Washington

27/1/85  
"Even without a major increase in the price of gold, we believe American mining shares will appreciate as output grows. The growth potential in America's fledgling gold industry is superior to that of South Africa's mining companies."

His company will launch its share offer in Wall Street in the next six months. But even at a proposed capitalisation of \$300-million, Precious Metals Advisory is unlikely to take away business from SA's gold industry.

## Underscored

But Mr Nichols' decision not to invest in South African gold underscores how serious the issue has become.

A move is afoot in Congress which could have a long-term impact on SA's mineral sales to the US.

America imports \$1-billion of cobalt, chromium, manganese and platinum — more than half of it from South Africa.

President Reagan recently cited South Africa's vital mineral resources as one reason to support and maintain comfortable relations with the Pretoria Government. For years, congressmen opposed to economic sanctions have argued that any action could result in the South Africans blocking mineral imports to the US.

## Soviet bloc

A study by the Congressional Office of Technology Assessment concluded, however, that the US could curb its heavy dependence on South Africa and Soviet-bloc nations for strategic minerals through scrap recycling, increased research and development, conservation and greater domestic production.

Although the report confirmed it would be years before America could wean itself from South Africa's minerals, Congressman Dan Glickman, a Kansas Democrat, believes there is growing support for an effort to be

made for mineral independence.

Mr Glickman believes it is essential for America to prepare for an eventual cut-off in South African minerals.

## Flexibility

He says: "The pressure is there. I've talked to people in the American Mining Congress, in the aerospace industry, the steel industry. They all use or are involved in strategic materials and minerals."

"I can't say whether the loss of materials would be because of an overt act on our part or because of trouble in South Africa. But the US needs independence and flexibility in dealing with South Africa. It has much less now than it could have because it's so dependent on some of these strategic minerals."

Under the Critical Materials Act passed by Congress last year, the Commerce Department has tried to address the question, albeit hesitatingly.

## Decade

The department has sponsored conferences at which the steel and aerospace companies, together with the Bureau of Mines and the Defence Department, have analysed America's strategic mineral needs in the next 20 years.

Most experts agree that it would require at least a decade of research for the US to become independent of SA's strategic minerals.

Tom Wolfe, a former precious metals expert with the US Treasury, says: "Given the tight US Government Budget constraints, there is no practical possibility over the next few years of any significant increase in Federal funding for either strategic mineral stockpiling or stimulative domestic production. US dependence on the traditional sources of strategic minerals will be unchanged in the foreseeable future."

Journal 28/1/85 (62)

# Pressure on US firms to cut trade ties with SA

By JOSHUA RABOROKO

**PRESSURE** on United States companies to reduce or discontinue their operations in South Africa is likely to escalate in the future, experts have warned.

The executive director of the American Chamber of Commerce in SA (Ancham), Mr Stephen Bisenius, yesterday said that the chamber has advised South African businesses to urge US companies to lobby against the threat of boycotts and disinvestment.

He said: "If US companies disinvest in South Africa many black people will suffer because there will be less jobs for them, especially in the rural and homelands where vacancies are scarce."

The pressure on US to divest themselves of South Africa has been intensified and have grabbed most of the headlines as anti-apartheid lobbyists pressed them to pull out of SA.

In the latest development South African black trade unions have asked US companies to stop further investment in this country while apartheid still exists and have threatened to take industrial action if the companies do not adhere to the Sullivan Codes.

## Boycott fears

In an effort to relieve the pressure, Mr Bisenius said that they have advised the SA businesses to urge US companies to lobby against the threat. Unless there was a change in the US policy-makers, trade with US could be severely curtailed.

There was no doubt that efforts to reduce US corporate involvement with SA had risen dramatically and would even increase further in the future, he warned.

"The anti-apartheid issue is becoming more and more fashionable as there is a snowballing effect taking place when copycats join in," Mr Bisenius said.

He said there were other means of bringing about change in this country; but disinvestment would lead to suffering and spell misery for many blacks, who were already reeling under the escalating unemployment rate as recession bites.

The US was opposed to laws such as influx control, group areas and others, but "discontinuing investment will only spell disaster for most people, especially blacks."

Referring to adherence to the code, he said all the companies that are signatories observed the codes. Even those who have not signed it do adhere to them, adding that there could be a few exceptions.

However, US firms feared a secondary boycott and it was time for them to be on the offensive.

**Giant**  
**SA car**  
**merger;**  
**Ford**  
**quits PE**

ARGUS  
30/1/85  
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From KEN VERNON  
Argus Bureau

PORT ELIZABETH — Ford motor company and the Anglo motor manufacturing arm Amcar have merged and will operate under the name South African Motor Corporation.

Ford workers were told about the move today at a series of co-ordinated meetings at all the company's Port Elizabeth factories where managers read a statement by the company's production director Mr Neville Cohen.

The statement said the company would not be moving production facilities from Port Elizabeth "before the end of the year" and added that there would always be "some Ford presence in Port Elizabeth", but did not elaborate further.

The result of the meeting was made known by employees of the company who said the news was "only what we have been expecting all along".

There was no mention in the statement of possible retrenchments of Ford staff, now or in the near future, but it did say that a more detailed statement would be issued to the Press this afternoon.

**INVESTMENT**

An employee said the statement mentioned that the company had said the reason behind the move was that it had not received "sufficient" return on its investment in Port Elizabeth.

Mr Cohen said he personally would not be taking part in the new venture.

The Mayor of Port Elizabeth Mr Ivan Krige said in reaction to the Ford-Amcar merger that it was another "hammer blow" to a Port Elizabeth economy already reeling in the economic downturn.

"I don't want to spread alarm and dispondency," he said "there is no need to panic because we have been given this 12-month breathing space."

"But the Government must now help us or watch Port Elizabeth die."

# Mvubelo rejects call for disinvestment

THE anti-apartheid lobby against United States companies operating in South Africa is building up while a leading trade unionist has come out in support of investment in this country.

And American churches have been urged to oppose the withdrawal of US investment in South Africa in

a study about to be published by a Washington-based "think tank".

Published by the ethics and public policy centre, the study says: "What outsiders should ask for (in South Africa) is not perfection but a serious effort to provide civil rights and economic opportunities for all."

## Pressure

The pressure on US to disinvest has been intensified. Some of the companies are openly worried that anti-apartheid lobbying could leave them with no option but to pull out of South Africa.

The lobbying has

been joined by most black trade unions who have urged US companies to stop investing in this country while apartheid still exists.

According to the study, which looks at the role of the churches in the issue of disinvestment in SA, "isolating South Africa and its people from the economy of the West is no solution to the complex racial and political situation in that country."

"It can only exacerbate tensions and lead to greater poverty, injustice and violence," the study says.

In a foreward, Mrs Lucy Mvubelo, the

leader of the National Union of Clothing Workers, rejects disinvestment as a means of forcing change in South Africa.

## Vitality

"The vitality of South Africa's economy offers more hope to South African blacks than destructive forms of pressure from abroad. Only indigenous movements — trade unions, political groups, the schools — within South Africa can bring about positive change," she says.

"Outsiders can influence it, but only through participation, not isolation," she added.

Making recommendations to the churches at the end of the 106-page study, Mr Sincere says that while church leaders and organisations have an obligation to speak out on public issues, they have an equal obligation to speak responsibly.

According to sources, proposed legislation due to go before the current session of Congress includes the SA Human Rights Bill, banning any American investment in SA, prohibiting US bank loans to the Government and outlawing the importation of Krugerrands.



Murray 30/1/85 (62)

## U S disinvestment plan 'genuine', says U K diplomat

Finance Editor

THE American disinvestment campaign is for 'real' and has to be taken seriously, but nothing similar is occurring in Britain, Mr Colin Brant, director of trade promotion for Britain and British Consul-General in Johannesburg, said at a lunch yesterday.

British companies were making a contribution to the development of South Africa.

He wanted to encourage British companies to come to South Africa 'as fast as they can,' to do business. Those that invested here did so under the umbrella of the EEC code of conduct and, to his knowledge, there had been no political withdrawals.

'In no way have people been discouraged from investing (in South Africa) on political grounds,' he said. Seven percent of Britain's world-wide investments was coming to South Africa.

South Africa was a very important customer for Britain, being number 12 on the trading list. Mr Brant said that visible trade figures to the end of October had passed the £1 billion level and he hoped for a record year.

Invisible trade was also substantial. About 120,000 visitors from Britain came to South Africa each year and many of these were businessmen.

Mr Brant said that the situation of some years ago where British firms were poor deliverers and were not competitive, had been overcome in the past five years.

The British inflation rate had been kept down and prices were more stable. The pound was probably undervalued, he said.

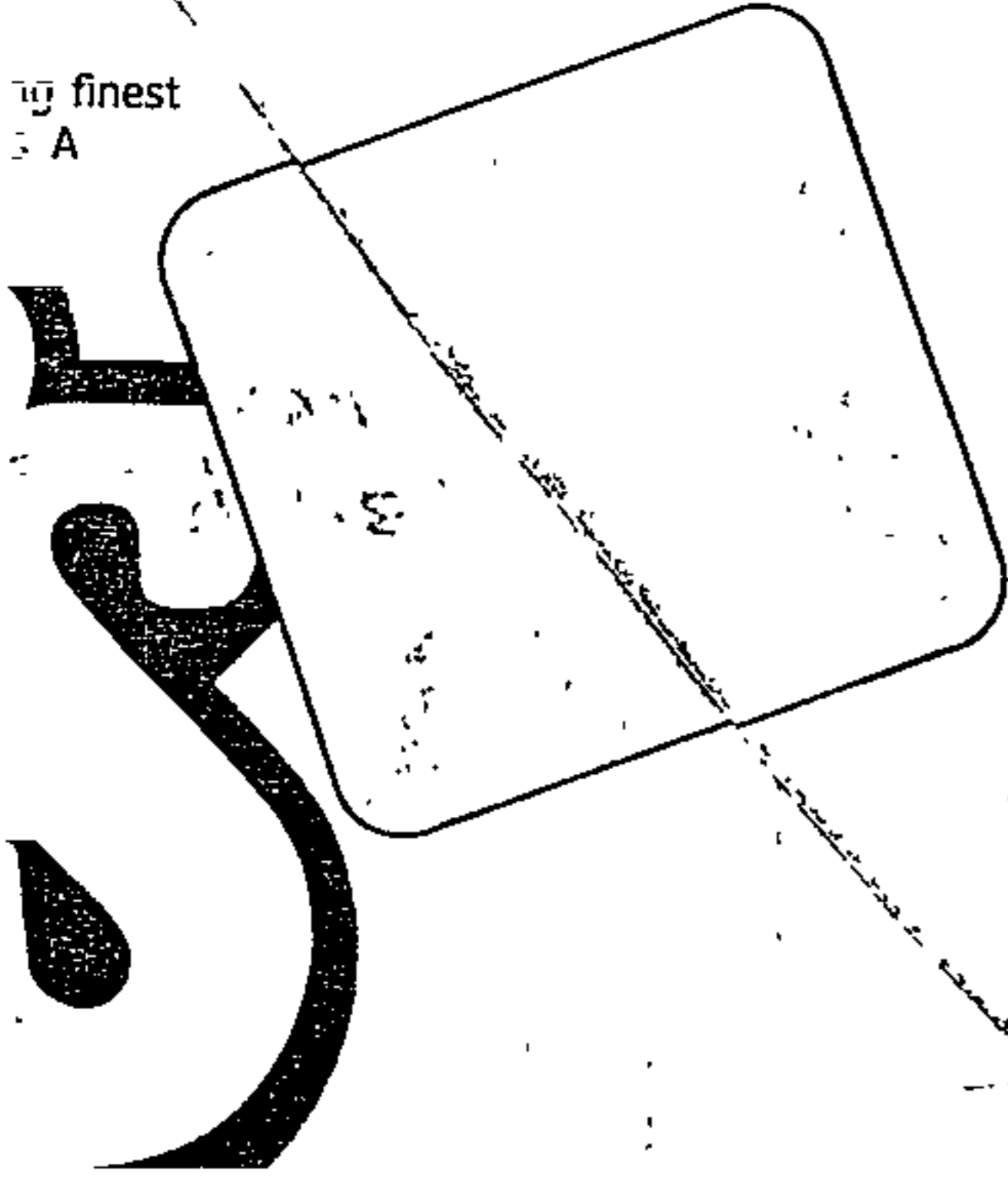
Commenting on the Durban Consulate siege, he said the British had acted honestly 'if not very competently' but South Africa's critics would have a field day because of South Africa's decision not to return the Coventry Four for trial.

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NATIONAL/INTERNATIONAL

ARGUS 31/1/85  
Car move: Gloomy  
forecast for PE

From KEN VERNON  
Argus Bureau

PORT ELIZABETH. — Organised business here has warned of "severe economic damage" through Ford motor company's withdrawal from Port Elizabeth.

The city has been stunned by the of the Ford/Amcar merger and Ford's planned move to Pretoria, even though the blow was seen coming for months.

Business and civic leaders said the move would force other motor manufacturers and ancillary industries to examine their involvement in Port Elizabeth and would discourage new investment.

Only solution

Mr Tony Gilson, director of the Port Elizabeth Chamber of Commerce, said the motor industry directly contributed 25 percent of the city's gross economic output.

"Ford alone contributed approximately eight percent and no city can afford to lose eight percent of its economic base without suffering severe economic damage."

The chairman of the Greater Algoa Bay Development Committee, Mr Alan Ward-Able, said the only solution was to

attract other industries to fill the gap left by Ford.

Workers at the Ford Neave plant — the company's oldest — expressed dismay and disbelief that they could be the first to lose their jobs under the new arrangement.

Vagueness

Some workers said they were unhappy at the vagueness of the information the company had given them.

A letter addressed to the workers and signed by Ford managing director, Mr Brian Pitt, which was circulated in the company's plants yesterday, gave no hints about possible retrenchments or planned closures.

Mr Les Kettleas, national organiser for the National Automobile and Allied Workers' Union, said he felt Ford and Anglo American had acted in a "completely irresponsible manner" toward their social responsibility that the industrial giants had long espoused.

"We learnt only yesterday of the merger after having pressed Ford for months for fuller consultation. Now we learn that negotiations had been going on for nearly a year."

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# PE reels as Ford plans pullout

Cape Times  
31/1/85  
62

**PORT ELIZABETH.** — This city was stunned yesterday as the full impact of the intended closure of most of Ford South Africa's operations here struck home.

And with talk of further industry rationalization, there were fears that the figure of more than 2 000 jobs expected to be lost at Ford alone might be only a fraction of the total, including many small-ancillary industries, threatened as a result of the announcement.

Among the results of the merger announced in Johannesburg yesterday between Ford and Amcar (jointly owned by Anglo American Corporation and its industrial arm, Amic):

## Headquarters

- Both Ford and Amcar are absorbed in a new motoring giant, called South African Motor Corporation (Samcor) with Amcar having a 60 percent share and Ford 40 percent.

- Amcar headquarters will be in Pretoria.

- Although not final, Ford seems certain to close its Neave plant in Port Elizabeth completely by March next year, with the loss of 2 000 jobs.

It will then be sold if a buyer can be found.

- PE will retain production of the Sierra, Ford's tractor operation and the product development division.

Ford yesterday denied that disinvestment pressure in the US or union militancy in PE had played any part in their decision.

## Implications

The largest union affected by the merger, the National Automobile and Allied Workers' Union (Naawu), will be testing Ford and Anglo American to "give proof" of their public statements of social responsibility.

Naawu said in a statement they would be negotiating to see if the companies were prepared to translate claims that they were aware of the socio-economic implications of the move into action.

The statement was issued after delegations from Naawu, the Motor Assembly and Component Workers' Union (Macwusa) and the all-white SA Iron, Steel and Allied Industries Union met senior management in Johannesburg on Tuesday.

Port Elizabeth MPs reacted with shock yesterday to the news of the merger, describing the move as a "body-blow" for the city.

Mr John Malcomess expressed the fear that the move would have a "ripple effect".

"Component suppliers might move and indeed General Motors who have already closed one plant might have to move in order to remain competitive with other factories which get subsidies from the government."

Describing the move as a "terrible body blow to Port Elizabeth and Uitenhage", the MP for Uitenhage, Mr Dawie le Roux, added that in a wider sense, it was also a blow to the whole decentralization policy.

The leader of the Labour Party, the Rev Allan Hendrickse, said the closure was "almost a death-knell for many families in these times of economic hardship". — Sapa, Political Staff and Own Correspondent

- 400 lose jobs in Cape this week, page 2

- Amcar and Ford merger — R1-bn turnover expected, page 14

Cape Times 31/1/85

# Amcar and Ford merger R1-bn turnover expected

Own Correspondent

JOHANNESBURG — Anglo American and Ford are to merge their South African motor manufacturing operations.

The new company with an expected turnover of R1 billion a year and assets of R700m will be called the South African Motor Corporation (Samcor).

Anglo American Cor-

poration and Anglo American Industrial Corporation (Amic), who control Amcar Motor Holdings and its franchises for Peugeot, Mazda and Mitsubishi vehicles, will hold about 60 percent of the operation. Ford Canada, which Ford SA is a subsidiary, will control about 40 percent.

## Final ratio

The final ratio will be decided once Ford SA and Amcar have audited their 1984 accounts, and will be based on their net worth.

The merger is likely to see the transfer to Amcar's Silverton, Pretoria, plant, of most of Ford's production in the Eastern Cape.

The rationalization programme is expected to take 18 months to complete.

Although a final decision has yet to be taken, production of Ford and Amcar vehicles is likely to be centred on two assembly plants — Silverton and Ford's Struan-dale plant at Port Elizabeth.

Ford's nearby Neave plant is expected to close, with the loss of 2 000 jobs, as well as Amcar's 150-man Port Elizabeth truck manufacturing operation.

## Conclusions

Announcing the merger yesterday, Amcar's chairman, Mr Les Boyd, said: "Our studies indicate that we could produce all the vehicles we will require in the two most modern plants, Amcar's Silverton assembly plant and Ford's Struan-dale assembly plant in Port Elizabeth.

"Hence in the course of the next several months we will review and reach conclusions on the transfer of production of Am-

car's truck plant in PE and Ford's Neave assembly plant to Silverton, thus increasing production there from its present 50 percent of capacity to close to capacity on a single-shift basis.

"At the same time, we will continue production at Ford's engine plant at Struan-dale. We will be achieving the improved efficiencies we are seeking and taking positive steps to ensure the new company's long-term success.

"The specific timing of these actions is still to be determined but it will take up to 18 months to complete manufacturing rationalisation."

The reduction of Ford's Eastern Cape operation is likely to have serious effects on the region, which relies heavily on the motor industry.

## Operations

Ford, General Motors and Volkswagen are all based around Port Elizabeth. The departure of any one of them could have a ripple effect on the dozens of motor component manufacturers and tyre companies which rely on them for business, and cause tens of thousands of jobs to be lost.

Mr Boyd, who will become chairman of Samcor, said yesterday the new company would work closely with the unions and the government to minimize any effect the merger would have on the Eastern Cape.

He said: "We are very aware that the eventual scaling-down of operations in Port Elizabeth will have socio-economic effects on the Eastern Cape, but we wish to emphasize strongly that the new company will be well aware of its respon-

sibilities to employees and the community.

"We plan to provide an economic safety net for any employees affected and we are working with the authorities and private commerce and industry on re-training programmes and alternative employment opportunities."

Samcor is expected to come officially into existence in March, and will receive an immediate injection of R200m in new equity, cash and subordinated loans.

The R200m will be provided by Ford Canada, Anglo American Corporation and Amic. The decision on who pays what has yet to be decided.

Ford is SA's second largest vehicle manufacturer, and Amcar the third. Together, they account for about 25 percent of the car market and 20 percent of the truck market.

Mr Lindsey Halstead, vice-president of Ford in North America with responsibility for Ford SA, said the merger was made necessary by South Africa's overcrowded vehicle market, in which 11 car manufacturers and 17 truck manufacturers competed for a combined market of only 400 000 vehicles.

He added that it was

part of a worldwide trend in which motor manufacturers were increasingly recognising the advantages of co-operation and joint undertakings.

He said: "The nature of the global automotive business has changed so remarkably over the past six years that Ford simply cannot continue to do business as in the past."

Mr Halstead said Ford and Amcar would continue to use separate dealer networks once the merger was complete. Despite strong speculation that certain Ford and Mazda cars models might be merged into a single model, he said no such decision had yet been taken.

He denied suggestions that Ford's decision was taken under pressure from the US disinvestment lobby.

KEN VERNON of the Argus Bureau in Port Elizabeth analyses the decision to move part of the Ford manufacturing plant to Pretoria.

# Ford: PE fears big exodus

RRW

1/2/85

THE announcement of the merger of Ford and Amcar and the subsequent transfer of much — if not all — of Ford's manufacturing plant to Pretoria is seen as the beginning of the end of the major role the motor industry has played in the economic history of this city.

At one time virtually all of South Africa's motor industry was concentrated here, earning the "Friendly city" the tag of "South Africa's Detroit".

The involvement of the multinationals brought prosperity and growth to both Port Elizabeth and South Africa, while their position as foreign-based companies meant they were placed in the forefront of advancing the position of the country's and the city's black population.

There is now a real fear that the Ford move will precipitate a general exodus of motor vehicle manufacturers as well as their attendant component-manufacturing industries.

## Vast area

Last October when negotiations between Ford and Amcar were first confirmed the Minister of Constitutional Development and Planning, Mr Chris Heunis, said the Government would not consider any plans to save the city from a possible Ford move, saying that the Government's responsibilities were firstly to the country as a whole and secondly to the entire economic region — a vast area including the whole Eastern Cape, Ciskei and parts of the Southern Cape.

Port Elizabeth's pivotal role in the development of the South African motor industry goes back to 1905 when the then-fledgling Ford Motor Company picked the name of a Port Elizabeth hardware merchant out of a catalogue and wrote to him asking if he would consider distributing Fords in South Africa.

The cars were imported fully

assembled until 1924 when the company acquired a disused woolshed in Port Elizabeth and started assembling vehicles from parts brought from the Canadian Ford subsidiary.

An old advertisement touts the pleasure of owning a "five-seater Ford tourer — with self-starter" for only £165.

## Woolshed

In 1926 Ford were joined by General Motors which also acquired an old woolshed and started assembling vehicles.

The prime advantage Port Elizabeth offered the companies was its well-developed port for landing the parts needed to assemble the cars.

Both world wars gave the motor industry in Port Elizabeth a major boost when the port could be utilised for re-export and by 1947 the final member of the Big Three, Volkswagen, joined Ford and GM by acquiring land at Uitenhage nearby.

Until the early 1960s the local content of the vehicles produced at the Port Elizabeth plants remained below 15 percent.

## Local content

But in 1963 the Government called for more local content to be incorporated in the products and it is from this time that the decline of the industry in Port Elizabeth will be dated.

Contrary to what is being said now, the market for vehicles has always been in the Johannesburg-Pretoria area but, when all parts were imported by sea, Port Elizabeth remained a viable assembly centre, especially when low fuel prices allowed cheap transport to the main markets.

With the local content percentage increasing to the present figure of 66 percent, the viability of Port Elizabeth as a manufacturing site has correspondingly decreased.

The Ford move is a final rec-

ognition of this process.

Behind the very real fears of the city fathers now is the realisation that the pressures which brought about the Ford move are also working on other manufacturers.

GM managing director Mr Lou Wilking says that while his company is not at present involved in any deals like the Ford/Amcar agreement it would welcome being involved with a strong South African partner in its operations here.

He said in three other African countries — Egypt, Zaire and Kenya — GM had local partners in their operations.

It has been rumoured that GM has been talking to insurance giant Sanlam about a partnership of some kind — this is denied by GM — and it is thought that a GM/Nissan merger at some future date is not out of the question.

## Blacks

If the motor multinationals were to leave Port Elizabeth it would be the end of a partnership which has broken much new ground in the South African industrial arena.

The Big three have been in the forefront of the trend to advance blacks into relatively senior positions, even if only reacting to pressure from their home countries through programmes like the Sullivan Code.

The companies pioneered the concept of employers' social responsibility in this country and led in community projects to aid their workers' off-duty aspirations as well as becoming deeply involved in providing suitable housing.

The multinationals also proved to be a fertile ground for the resurgent trade union movement in Port Elizabeth and the thousands of people who will be thrown out of work may yet write an unhappy final chapter to the Port Elizabeth motor industry.

copy 2/2/85 (62)

# Sullivan hails Ford-Anglo deal as breakthrough

Industrial Editor

ANTI-APARTHEID activists in the United States have welcomed the merger of Ford and Anglo American's motor interests in South Africa.

The Reverend Leon Sullivan, author of the non-discrimination Sullivan Principles for US business in South Africa, hailed it as a breakthrough.

Announcing details of the merger this week, Ford's vice-president responsible for South Africa, Mr Lindsey Halstead, said Ford would continue to conform to the Sullivan code.

He said: "We have advised the Rev Sullivan that Ford Motor Company will continue to be a signatory to the Sullivan Principles and that the South African

Motor Corporation intends to continue implementing its standards throughout the combined operations."

RICHARD WALKER reports from New York that the Rev Sullivan said yesterday: "If Anglo American adopts these principles, it will break new ground in dealing with the South African Government."

Anti-apartheid activists in the US see it as proof that Ford, America's second-biggest motor manufacturer, is responding to their pressure.

"We had to finally face the facts," said Mr William Broderick, Ford's director of international affairs. He said the company shared in enormous SA motor industry losses last year and

prospects remained bleak, with 11 car and 17 commercial vehicle makers fighting over the comparatively small and fragmented market.

Our Port Elizabeth correspondent reports that a Ford spokesman said yesterday the doomed Neave plant would not close until the end of the first quarter of next year. He added that there would be no retrenchments until then.

He said the Neave workforce included 1 550 hourly-paid and 200 salaried staff. Ford's total employment in Port Elizabeth was 5 104

Mr David Hauck, a South Africa specialist with the US-based Investor Responsibility Research Centre, a non-partisan corporate

monitoring group, said yesterday that while US disinvestment pressures had not been a factor in Ford's decision, the economic constraints of apartheid had contributed.

"Many US companies have stayed in South Africa waiting for the black market to take off," he said. "It hasn't. Blacks simply haven't become the consumers everyone was hoping for."

He said that Ford's decision would not remove the firm from the disinvestment movement's lists.

"I am not aware of any State or city disinvestment legislation that lets companies off the hook if they own less than 50% of their South African subsidiaries."

EVENING POST, THURSDAY, JANUARY 31, 1985

Post Correspondent  
WASHINGTON — Ford's decision to sell 60% of its South Africa operation to Anglo-American had nothing to do with the disinvestment movement in the United States, a company spokesman insisted yesterday.

Industry analysts agreed with that assessment but warned that economic dislocations attributable to Pretoria's domestic policies and Ford's evident conclusion that conditions were unlikely to improve were also a factor.

Speaking from Ford's head office in Dearborn, Michigan, Mr Alan Dreyfus said the move was "a business decision based purely on business considerations".

The South African car market was overcrowded, he said. "There are too many cars for too few buyers, and labour and other costs are going up at the same time."

Mr Dreyfus said Ford

# US campaign against SA was not a factor' in the merger move

would continue to be a signatory of the Sullivan fair employment code. In 1984 the company was rated as making progress in relation to the requirements of the code.

Mr David Hauck, a specialist on South Africa with the Investor Responsibility Research Centre, a non-partisan corporate monitoring group, accepted Ford's position.

"My feeling is that the auto market is heavily overtraded in South Africa. Ford's market share has been decreasing in the face of competition from Japan-

ese firms like Mazda, Nissan and Toyota."

While the disinvestment move had not been a factor there could be little doubt that the economic constraints of apartheid did contribute.

"Many US companies have stayed in South Africa waiting for the black market to take off. It hasn't. Blacks simply haven't become the consumers everyone was hoping for."

Mr Hauck added that Ford's decision would not remove the firm from the disinvestment movement's lists.

"Ford's South African operations have long been maintained through Ford Canada because of the old Commonwealth connection.

"Reducing that holding to 40% is not going to make any difference for the anti-apartheid people."

Ford reported its 1983 South African sales at \$530 million (R1 060 million), or 1.2% of its worldwide total. Its South African assets are valued at \$230 million (R460 million) or 1% of the company's 1983 total.

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RDW 11/2/85 (62)

# More pressure to divest

WASHINGTON. — Apartheid foes urged Congress yesterday to put pressure on the South African Government to end its racial policy by passing measures to force the withdrawal of corporate investments from the country.

"The United States should take a leadership role in this battle for freedom... We strongly urge Congress to pass legislation that would mandate corporate disinvestment from South Africa," Ms Jean Sindab, director of the Washington Office on Africa, told a House subcommittee on Africa at a briefing on South Africa.

However, Ford Motor Company Vice President, Mr William Broderick, speaking on behalf of companies that have signed the Sullivan Principles which lay down guidelines for fair employment practices, told the panel that withdrawing corporate investments would damage chances for forcing change in Pretoria's policies.

"Sullivan Signatory Companies fully share the sense of frustration felt and expressed by many, including our critics, over the slow pace of change in South Africa's racial laws," he said.

"We are concerned, however, lest that frustration lead to ill-considered actions which, however well-intentioned, will not in fact, result in any improvement in the status of black South Africans," he added.

Ms Sindab argued to the subcommittee that without the massive corporate investment in South Africa, "Pretoria could not run its very expensive and complex apartheid system".

SIMON BARBER reports, meanwhile, that the Secretary of State, Mr George Shultz yesterday gave "constructive engagement" a powerful vote of confidence saying that the Reagan Administration had "accomplished much" in Southern Africa, but repeated that "apartheid must go".

Appearing before a Senate Foreign Relations Committee, Mr Shultz said there was less cross-border violence in Southern Africa than at any time in more than a decade; "progress is being made toward a Namibia settlement; we have strengthened our ties with Mozambique and other regional states, and South Africa itself has developed co-operative relations with many of its neighbours."



Disinvestment denied, but it's

# Second fiddle for Big Brother Ford

FORD South Africa insists that its merger with Amcar does not represent disinvestment and that it is in South Africa to stay — but its rivals are unconvinced.

Ford, they say, brought along more to the party — greater market share and nowhere near Amcar's losses — yet emerged with only 40% of the equity against Anglo's 60% of the new company called South African Motor Corporation (Samcor).

The partners have injected R200-million in cash and loan conversions to bolster the merged company's capital base. Industry observers say Anglo American has obviously put up most of the cash.

## Question

At the end of the day, Ford has a minority stake in Samcor where it once had a wholly owned SA operation.

One question is whether it will maintain this stake or diminish it as disinvestment pressure intensifies in the US. Another is whether 10 years from now Ford's famous products, which have been on the roads of South Africa for 60 years, will continue to be seen here.

Lindsey Halstead, Ford's vice-president in charge of SA operations, avoided the question when asked if Ford would transfer cash from its Canadian parent. He said merely that the conversion of loans was effectively a cash transfer.

Observers say Ford has assessed its operations worldwide and that the Dagenham plant in the UK and the Belgian plant might be closed.

By Don Robertson

The team that investigated Ford's European operations was apparently in South Africa last year and reported on a declining share of the market and falling profits.

Ford SA says: "We intend to stay and will support any losses that the new company might suffer in its first few years of operation."

Les Boyd, chairman of Amcar, says unaudited figures show losses at Amcar of R42-million for the year to December last — before interest and foreign-exchange provisions. It is believed the figure could be as much as R100-million.

The shortfall in 1983 was R69-million and R50-million in 1982.

Mr Halstead says: "We will also be in a loss position, but not of this magnitude."

Last year, Ford cars had 14,3% of the market. Amcar, which includes Mazda, Mitsubishi and Peugeot, had 11,9%. In the light commercial market, Ford had 13,3% with Amcar down at 9,3%. Amcar had a much larger share of the heavy truck market at 12,3% compared with Ford's 2,9%.

## Full tilt

But whether the deal does represent a move for Ford to distance itself from South Africa or not, the benefits of rationalisation are expected to be considerable.

Initially, production from Amcar's truck plant in Port Elizabeth and Ford's Neave assembly line will be moved to Amcar's Silverton factory near Pretoria, which will run at near capacity on a single

shift. Ford's Struandale plant is also expected to run at full tilt.

But the real benefits will come from model rationalisation as both have cars and trucks which compete directly in price and performance.

It is believed this will be achieved through "badge engineering" whereby one model will be produced by a single factory and sold as either a Mazda or Ford, with minimal cosmetic changes. This is done by Ford and Mazda in other parts of the world and is possible through Ford America's 25% stake in Mazda of Japan.

The Mazda 323 and Ford Escort could be produced as a common car as early as next year. The Granada is almost certain to disappear, although the Sierra, which was launched only 18 months ago, will probably be around for at least three years.

## Challenge

Speculation is that Mitsubishi's Tredia, which has been far from successful, will be withdrawn and replaced by the new Gallant and that Samcor will shed the Peugeot.

In the short term, Samcor management will have a tremendous challenge to pull together the manufacturing facilities and dealer networks and maintain credence in a market dominated by consumer loyalty.

The merger raises the question of who will be next. Eyes are on Nissan, Volkswagen and General Motors, all of which deny courtship of any kind. Nissan and VW are linked in Japan and in some countries Nissan and GM produce what SA knows as the Pulsar.

## Crunch for jobs

RATIONALISATION of manufacturing facilities between Ford and Amcar will result in an initial reduction of about 2 000 hourly paid workers, but the crunch will not come this year.

The intention is to eventually close the old Neave assembly plant in Port Elizabeth, but management of Samcor has guaranteed that this will not happen in 1985. Trade unions and Government authorities will be consulted on all retrenchments.

Fears that component manufacturers in the Eastern Cape will suffer are discounted by Bill Hayward, executive director of the National Automotive and Allied Component Manufacturers Association.

He says that although some of Ford's manufacturing activities might move to the Reef, components could still be sourced from Port Elizabeth which has certain transport and other concessions. Additional concessions, similar to those enjoyed in decentralised areas, are being sought.

Some component manufacturers in the area already supply motor manufacturers in Pretoria and Durban.

Ford closes...

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# New group will fight disinvestment lobby

American businesses in South Africa, under mounting pressure to withdraw from the country in protest at its race policies, yesterday launched a drive against the disinvestment lobby.

Mr Stephen Bisenius, who has just resigned as executive director of the American Chamber of Commerce in South Africa, said the new American Association for Trade and Investment aimed to co-ordinate an "aggressive response" to the disinvestment campaign.

Launching the new group, Mr Bisenius said: "The campaign, correctly defined, aims to affect almost all trade, licensing agreements and technology transfer between the US and South Africa."

Economic sanctions which US opponents of South Africa's apartheid

policies want to see introduced "more correctly reflect the goals of destroying business relations between the two countries," he added.

Nearly 350 US-based companies have ties with South Africa and the US State Department estimates that they have direct investments of about R4,6 billion.

President Reagan has said he will continue "constructive engagement" — his policy of using persuasion rather than confrontation to bring reform in South Africa.

But Congress members of his conservative Republican Party have threatened to support economic sanctions unless South Africa makes swift and substantial changes.

Pressure for disinvestment has intensified after

a year in which more than 200 people died in continued unrest in South Africa's black townships.

Mr Bisenius said the new organisation would combine the vested interests of firms located in South Africa with those of about 8 000 US corporations which trade with SA.

It would aim to protect and expand trade and investment and would be "totally independent, highly flexible and funded only by the private sector".

He added: "To emulate our opponents, this organisation must also work around the clock and maintain constant vigilance against anything which would affect trade and investment."

Reuter. 666

# New York in drive for SA disinvestment

The Star Bureau

NEW YORK — New York City has introduced disinvestment legislation aimed at forcing American banks and firms to stop doing business with South Africa.

At a Press conference to announce the new disinvestment drive, civic leaders and trade union officials headed by Mayor Ed Koch described it as the strongest measure yet taken by an American city to cut financial ties with South Africa.

The Bill will stop all city dealings with banks or trust companies that:

- Underwrite securities for the South African Government.
- Make loans to the South African Government,

except loans for educational, housing or health facilities available without discrimination.

The Bill also requires firms wanting to carry out contracts for the city to agree to:

- Not supply the city with any goods from South Africa or Namibia.
- Not make any direct sales of goods or services to the South African military, police, prisons, or Department of Co-operation and Development, except for food and medical supplies. Firms must state that they have not done any such business in the last 12 months.

The new Bill, supported by all major figures in the New York City Council and the city's labour movement, follows last year's decision by the city's pension fund not to invest in corporations that operate in South Africa without adhering to the Sullivan code of employment practices.

A total of five US states and 11 cities have adopted laws requiring pension funds or state employees to disinvest.

"In spirit, in practice and in law apartheid is evil," said Mayor Koch.

"As a government committed to certain inalienable rights, it is appropriate that the City of New York will not give aid and comfort to apartheid."

He said the Bill was a "prudent mechanism by which city resources can be used to pressure the South African Government to eliminate the abhorrent institutions and practices of apartheid".

Mayor Koch said the financial power of New York was such that he expected all banks and firms dealing with the city to adhere to the new provisions.

# New York moves to force US firms, banks to disinvest

Argus Foreign Service, NEW YORK. — New York City has introduced disinvestment legislation aimed at forcing US banks and firms to stop doing business with South Africa.

And in a letter to the Secretary of the Treasury, Mr Donald Regan, the Mayor of New York, Mr Ed Koch, proposed that the US mint its own gold coins, because "one source of income for South Africa is the sale of the Krugerrand".

At a Press conference to announce the disinvestment drive, civic leaders and trade union officials headed by Mr Koch described it as the strongest measure yet taken by a US city to cut financial ties with South Africa.

The legislation will end all New York City dealings with banks or trust companies that:

- Underwrite securities for the South African Government.
- Make loans to the South African Government, except loans for educational, housing or health facilities available without discrimination.
- Advertise or promote the sale of Krugerrands or other coins minted in South Africa or SWA/Namibia.

Firms wanting to carry out contracts for the city will not be permitted to supply the city with goods from South Africa or SWA/Namibia. In addition, they will not be permitted to make any direct sales of goods or services to the SADF, police, prisons, or the Department of Co-operation and Development, except for food and medical supplies. Firms must state that they have not done any such business in the past 12 months.

## Last year

The new legislation, supported by all major figures in the New York City Council and the city's labour movement, follows a decision last year by administrators of the city's pension fund not to invest in corporations that operate in South Africa without adhering to the Sullivan Code of employment practises.

Five states and 11 cities have adopted laws requiring pension funds or State employees to disinvest.

At the conference Mr Koch said: "In spirit, in practice and in law apartheid is evil

## Maties are ready for you



Picture: HANNES THIART, The Argus

Anyone going into the city centre tomorrow is warned to take R1,50 because Matie students will be there selling their rag magazine, Akkerjol. All ready are, back, from left, Cathy Ward, 20, Marietjie van der Westhuizen, 19, Nikola van der Merwe, 19; front, Virginia Pratten, 20, and Rykie Oosthuizen, 19.

## Woman burnt to death in car boot: 2 married men in court

Argus Correspondent JOHANNESBURG. — The horrific Klerksdorp case in which a young woman was allegedly locked in the boot of a car which was then set alight took a new turn today.

Two young married men, both fathers of small children, appeared in the Klerksdorp Magistrate's Court charged with murder and rape.

Mr Joseph George Scheepers, 21, of Blyde River Street, Klerksdorp and Mr Schalk Johannes Burger, 20, of Magrieta Prinsloo Street, Klerksdorp were not asked to plead

They were remanded in cus-

tody until February 21.

Mr Scheepers, a father of two, was on the run after escaping from the military detention barracks in Pretoria when the crime was committed. He is stationed at 16 Supply and Transport Depot, Potchefstroom.

Tall, dark-haired and tanned, Mr Scheepers wore a windbreaker in court and glanced nonchalantly around the court. Mr Burger, who is also married and has a two-year-old child, is unemployed. He is small, sported boyish stubble and an open-neck shirt in court and appeared nervous

The men appeared in connection with the alleged rape and

killing of Miss Ginny Goigzeone, 21, at the weekend and a vicious assault on her boyfriend, Mr Jacob Wessie, 28.

Two other men appeared in court earlier this week in connection with the case. They were Mr Jacobus Valentine Adriaan Matthysen, 20, of Klerksdorp, who was doing his national service at the Air Force base in Potchefstroom, and Mr Daniel du Rand, 19, a telecommunications apprentice working for the post office in Alberton.

There are thus only two servicemen involved in the case, and not three as previously reported

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# Wilking criticises economic policies

(scribble) 62 (scribble) E. Post (scribble)

**LOUIS BECKERLING**  
Business Editor

THE present state of the South African economy "cast doubt on the ability of the Government to manage its own affairs", according to Mr Lou Wilking, managing director of General Motors.

Addressing the annual dinner of the Port Elizabeth branch of the Institute of Cost and Management Accountants in Port Elizabeth last night, Mr Wilking predicted he would "get no medals for what I'm about to say, but it must be said".

"As business people, what would your assessment be, of a country which has seen:

- "Double-digit inflation for over a decade;
- "Interest rates rise from 7% to 25% in four years;
- "Its currency devalued in excess of 60% in a little over two years;
- A government that employs nearly 60% of all whites increased their salaries by 30% in a year of major recession.
- "GST raised from 6% to 10% in less than a half a year — and it looks as if it will add another 2%-5% in March.
- "A government which

continues to implement programmes that add tremendous cost to the economy such as the Atlantis Diesel Engine plant, and the Saldana rail line?"

These were "but a few items of concern," said Mr Wilking, which "have created a stop-start economy not matched anywhere".

Continuing an uncharacteristically blunt attack on the Government, Mr Wilking said businessmen in South Africa were urged to "get out and tell the world what change is taking place in South Africa".

"I can assure you this is taking place, but when is the Government going to assist the telling of the story by doing away with the Mixed Marriages Act, the Immorality Act, detention without trial, and the Group Areas Act?"

"If this can take place, then this disinvestment issue can be laid to rest and I would hazard an educated guess that the economy could begin to come right and South Africa can fulfil its promise in this beautiful spot in the sun."

On prospects for the motor industry, Mr Wilking said the Ford/Amcar merger would result in a "further decrease in market share for the Eastern

Cape".

It was inevitable, however, that certain mergers would take place.

"We have more manufacturers relative to market potential than any other country in the world.

"Furthermore, in recent months the taxes imposed on the motor industry have placed the industry in a very unfavourable situation.

"A run-down on recent taxes from which the industry has suffered tells its own story — customs duties, excise tax, ad valorem tax, increased general sales tax, perks tax, and most recently the new proposed taxes on wages and floor space, which, I must reluctantly mention, will all ultimately be borne by the consumer."

Mr Wilking contrasted this high-cost production with the fact that the South African motor industry had the capacity — based on a single shift only — to produce 740 000 vehicles, whereas forecast demand for 1985 was 360 000 units and the all-time record volume achieved in the country was 453 541 units in 1981.

"It is obvious that there is more capacity in place than required on a one-shift basis and cost effi-

ciencies do not begin to occur until facilities are worked on a two-shift basis

"So it would appear that manufacturing rationalisation will occur if synergies exist

The PE/Uitenhage area, said Mr Wilking, had since the development of the motor industry in South Africa, changed from being the least costly area in which to build motor vehicles, into the most expensive.

"However, the problem is broader than individual companies, or the Midland Chamber, or the Mayor. It is also the people of Port Elizabeth and Uitenhage.

"How many of our professionals, our politicians, and shopkeepers, the workers of Port Elizabeth and Uitenhage, support their own area?"

"If they don't, they may wonder where their patients, or voters, or customers, or employers have gone.

"I don't wish to embarrass my hosts this evening, but how many of you working and living in Port Elizabeth are driving products manufactured in the Eastern Cape?"

**Flights**

Argus 21/2/85

# GM to invest R35-m in PE car industry

62  
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Argus Bureau

PORT ELIZABETH. — General Motors has invested more than R35-million at its Port Elizabeth factory to produce the new Kadett T.

GM spokesman Mr Mike Killeen said that while it was not the company's policy to reveal exact amounts spent on vehicle investment, the new production line would cost "considerably more" than the R30-million Ford had spent on the Sierra production line.

### "PERFECT ANSWER"

The investment was the "perfect answer" to speculation that GM might follow Ford away from Port Elizabeth — and good news to GM workers worried about retrenchment.

"While no new jobs have actually been created as a result of the new investment, it has meant that existing jobs have been retained," said Mr Killeen.

Late last month Ford announced the intention to pull most of its operation out of Port Elizabeth and merge with Anglo's Amcar to form SA Motor Corporation, which will be based in the Transvaal.

### 60 YEARS OF FORD

The move, probably early next year, will come after 60 years of a Ford presence in the city and is likely to cost more than 2 000 jobs in an industry that has been the backbone of regional economy.

"Severe economic damage" has been predicted for the area after Ford shuts down most of its Port Elizabeth plant.

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## and Shipping

# New York anti-SA moves worry Barclays

LONDON — Barclays Bank (UK) has begun an urgent review of its operations in New York City following the introduction of legislation to cut city funds to banks that lend to the South African Government.

The top-level review by Barclays comes in the wake of fears that Barclays Bank of New York — a subsidiary of Barclays UK — could be directly threatened by the legislation.

The move by the New York City government — the first city to introduce

such legislation — has already led to a statement by the massive Citibank that it will liquidate all its loans to the South African Government by the end of next month.

Citibank is the largest US lender to South Africa.

The move to cut off hundreds of millions of rands in city business from banks and corporations that maintain ties with Pretoria has triggered an alarm at the Barclays headquarters in London — a frontline target of the anti-apartheid

lobby.

Barclays Bank of New York has already lost millions of rands in business through forfeiture of the Rockland County account (New York State) following the adoption of anti-apartheid legislation in the mounting disinvestment campaign.

Rockland County voted to eliminate Barclays as a deposit bank for county funds.

A spokesman for Barclays said that the situation in New York was under re-

view but he would not disclose the extent of Barclays business with the New York City government under the client confidentiality rule.

He said Barclays had not yet had time to study the pending legislation or to make a comprehensive assessment of the implications of the move.

"But the situation is under review," he said.

The spokesman pointed out that Barclays UK — which merged with Barclays International on January 1 this year with the

local incorporation of its overseas interests — had a specific code which applied to all loans to South Africa.

"We don't make loans to the South African Government as such but we do make loans to parastatal bodies such as Escorn.

"But we monitor such loans closely to ensure that they are being used for the general good of the community in South Africa.

"Our loans to South Africa are not unrestricted as is the case with the National Westminster

Bank," he said.

The spokesman said the move by Rockland County — which has a strong Irish community — had been linked to alleged Barclays links with repression in Northern Ireland.

The inclusion of South African links as grounds for cutting county business was apparently added following pressure by the civil rights movement, the National Association for the Advancement of Coloured People (NAACP).

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# Mayors to highlight disinvestment issue

AKGWS 20/2/85 (37) 62

BIG-shot American mayors like New York's Ed Koch are not having the disinvestment stage all to themselves

Their counterparts on this side of the Atlantic may have a thing or two to say about it and when they gather in the city tomorrow disinvestment will head the agenda.

South African mayors generally get the backseat limousine treatment, doffing their hats when required or liberally apportioning praise and congratulation.

But going some way to change the image, our mayor Mr Sol Kreiner will be putting the mayoralty of South Africa's biggest cities in the limelight. And he believes they have an active role to play.

He has invited the civic heads of Durban, Johannesburg, Soweto, Bloemfontein, Pretoria and Port Elizabeth to the city for the first formal get-together of mayors since 1905.

It will be a think-tank on common issues, including the effect of disinvestment on the "life and work of people in large urban areas".

It's a touchy subject.

Cape Town knows Mr Kreiner's view after he spelled it out in an open letter to visiting Senator Edward Kennedy earlier this year. He said he believed disinvestment would "hurt the people most whom I would like to believe you (Mr Kennedy) would wish to help most".

Many people will disagree. They see disinvestment as a long-term lever to prise off the apartheid clasp.

## Municipal Beat



By MICHAEL MORRIS

Politically controversial, the issues surrounding disinvestment have a vital bearing on urban life.

For that reason it's commendable that mayors are taking it up. Good luck to them.

\*\*\*\*

Green and Sea Point Ratepayers' and Residents' Association has taken exception to being labelled a pillar in Mr David Senekal's election campaign against Mr Jan van Eck, MPC in the Ward 13 by-election.

Chairman Mr Morrie Silber denied the association was helping Mr Senekal but said confusion may have arisen "because one of our executive committee members may be helping. Yes, I imagine that's possibly what it was".

By the way, the Progressive Federal Party has pointed out it did not approach Mr Senekal as a possible party candidate, gleaned last week from wicked speculators slinking about the ward.

Now there are new developments.

Stirrers in the ward — being careful not to identify them-

selves — are kicking up dust by spreading spurious stories about Mr van Eck's campaign through anonymous telephone calls. Mr van Eck is understandably annoyed at this gutter-level ploy.

But Mr Senekal's assurance that it is not part of his election drive — "I would rather lose honourably than win dishonourably" was how he reacted — raises questions about a third party in the ward whose motive is not clear.

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Before the debate on pools goes down the plug (probably the best place for it now, anyway) readers may find a glance backwards illuminating.

Flipping through yellowed cuttings on the achievements of Mr Isaac Ospovat — apropos the naming of the Grand Parade stalls area — I sniggered when I found a story from 1967 headlined "Coloured Lido Decision A Bombshell".

You see, the council recognised a need for more facilities. Casting about for opportunities, it found the stretch of beach opposite Paarden Eiland and decided to put a lido there. The Government agreed. At first. Then came the bombshell. The Department of Planning summarily sank the proposal.

Now millions of rands later, in the lean high-interest 80s, the City Council is being jumped on about facilities and overcrowding.

And what do you know. The lido idea is afloat once more. I wonder if anyone will try to sink it again?



now 18/2/85 (62)

# Harvard shares sold over SA links

By SIMON BARBER  
Washington Bureau

WASHINGTON. — Harvard University had sold its 60 000 shares in Baker International Corporation, a manufacturer of mining and pipeline equipment, after the firm declined to give the University any information about its employment practices in South Africa.

And Stanford University formally warned that it would sell its holdings in Motorola Incorporated if the company continued to sell communications equipment to the South African military or police.

Harvard's president, Mr Derek Bok, said they simply reached a point "where we decided that no further persuasion or efforts to vote on shareholder resolutions had a reasonable chance of success".

Baker started doing business with South Africa in 1982 when it took over the California-based Envirotech.

Envirotech, a mining equipment firm, had been active in South Africa and was a Sullivan Code signatory. Baker decided to abandon Sullivan in 1983.

A company vice president, Mr Ronald Turner, explained: "It's expensive to be a signatory, and we were not supportive of the rating system."

Harvard said it had asked Baker for an accounting of its labour practices in South Africa but that the company had refused to oblige.

# Carvel's ice-cream way of life for SA

17/2/85  
S. Times  
62

Business Times Reporter  
**NEWCOMER** Carvel is out to make ice cream a way of life in South Africa.

The American franchise operation claims that its drive to popularise ice cream is increasing the size of the market and benefiting all producers.

Carvel's 42 ice-cream parlours had a turnover of R10-million in 1984, and R15-mil-

lion is expected this year as more outlets are opened.

The managing director of Carvel SA, David Hilewitz, says he receives about five calls a day from parties interested in starting an ice-cream parlour. One parlour will be opened every week for the next three months, and Mr Hilewitz expects 70 to be in operation by the end of the year.

## Awakening

Since the SA operation began, only one parlour has closed, but its failure was caused by lease problems.

It took Carvel SA a few years to put its show on the road, because it was bedevilled by fragmented ownership, the five sleeping partners, including a lawyer and a dentist, taking no part in management.

But Mr Hilewitz unfroze the business and brought in Benny Goldberg of liquor fame as a 50% partner.

Mr Hilewitz attributes most of the business's success to the US company, which offers huge financial support to its franchise operators and a superb product.

Entrepreneur magazine in the US has voted Carvel the fastest-growing franchise operation in the US. Its slogans include "America is as fresh as Carvel ice cream" and "Carvel has become a way of life."

## Quality

Mr Hilewitz is enthusiastic about the quality of Carvel ice cream. He admits that it is more expensive than its competitors, but says it is value for money. For one thing Carvel is not inflated with air like other ice creams.

Carvel uses SA milk and imports the other ingredients — last year's import bill came to about R500 000.



David Hilewitz ... flourishing parlours

Quality is monitored and fresh ingredients are used every week.

SA's ice-cream market is estimated at R100-million at retail level.

South African's eat about 16-million litres of ice cream a year. Australia, with a similar climate and less than half SA's population, uses 214-million litres of ice cream a year.

US and Australian consumption is about 30 pints of ice cream a head against South Africa's five pints.

The SA operation is purely franchise and capital required to fit out a shop is R90 000.

Carvel US has been operating for 48 years and South Africa was the company's first foreign venture. It is now an international business with 1 200 parlours, 900 of them in the US. Franchises for another 500 parlours have been sold.

# Disinvestment moves continue in US

CALC 10/2/83 62

From SIMON BARBER  
WASHINGTON. — Two of America's wealthiest universities took disinvestment actions this week.

Harvard sold its 60 000 shares in Baker International Corporation, a manufacturer of mining and pipeline equipment, after the firm declined to give the university any information about its employment practices in South Africa.

Stanford formally warned that it would sell its holdings in Motorola Inc if the company continued to sell communications equipment to the South African Defence Force or police.

It was Harvard's first such move. Both universities have thus far resisted demands from students and staff for more

sweeping disinvestment policies.

Harvard's president, Mr Derek Bok, said yesterday: "We simply reached a point where we decided that no further persuasion or efforts to vote on shareholder resolutions had a reasonable chance of success."

Baker International started doing business with South Africa in 1982 when it took over the California-based Envirotech Corporation.

Envirotech, a mining equipment firm, had been active in South Africa and was a Sullivan Code signatory. Baker decided to abandon Sullivan in 1983.

A company vice president, Mr Ronald Turner, explained: "It's expensive to be a signatory, and we did not support

the rating system. The top management decided that the money could be spent in the best interests of our employees."

In a detailed report on its decision, Harvard said it had asked Baker for an accounting of its labour practices in South Africa, but that the company had persistently refused to oblige. The university is waiting for similar responses from three other firms which it declined to name.

According to Mr David Hauck, a South Africa analyst at the Investor Responsibility Research Centre, a number of universities are tightening their policies with regard to South Africa-related investments: "There is definitely a rethink going on at many campuses."

CAPE TOWN  
14/2/85

# Bank reviews ties with US city

From JOHN BATTERSBY

LONDON. — Barclays Bank (UK) has begun an urgent review of its operations in New York City following the introduction of legislation to cut city funds to banks that lend to the South African Government.

The top-level review by Barclays comes in the wake of fears that Barclays Bank of New York — a subsidiary of Barclays UK — could be directly threatened by the legislation.

The move by the New York City authorities — the first city to introduce such legislation — has already caused Citibank, the largest US lender to the South African Government, to say that it will liquidate all its loans to the government by the end of next month.

## 'Alarm'

The move to cut off hundreds of millions of rands in city business from banks and corporations that maintain ties with Pretoria has triggered an alarm at the Barclays headquarters in London — a frontline target of the anti-apartheid lobby.

Barclays Bank of New York has already lost millions of rands in business through forfeiture of the Rockland County account (New York State) following the adoption of anti-apartheid legislation in the mounting disinvestment campaign.

A spokesman for Barclays said yesterday that the situation in New York was "under review" but he would not disclose the extent of Barclays business with the New York City government under the client confidentiality rule.

## Implications

He said Barclays had not yet had time to study the pending legislation or to make a comprehensive assessment of the implications of the move.

● In another move yesterday Mrs Adelaide Tambo, wife of the president of the African National Congress, Mr Oliver Tambo, was appointed to the Barclays Shadow Board — an anti-apartheid lobby which monitors the activities of the Barclays Board in the UK.

# US bank loans to SA Govt under threat

CAPE TIMES 9/2/85  
62

From RICHARD WALKER

NEW YORK. — The South African Government is threatened with a cut-off in lending from most of America's biggest banks as a result of an agreement forged with New York's political bosses.

Included is Citibank, a key lender in the past, which announced that it was closing its books on all lending to the government.

Though only just introduced, a proposed bill to prohibit the deposit of municipal funds in banks that do business with South Africa is being obeyed by all banks handling the city's money, City Hall officials said.

The city's local deposits come to about \$4 000-million (R8 000-million). Led by Citibank and Manufacturers' Hanover Trust, New York is headquarters to five of America's six largest banks and six of the top ten.

Together, their assets total more than 200-billion dollars (R400 000-million).

Citibank is understood to have hired a special consultant to oversee its compliance with the tight regulations contained in the bill. According to bank vice-chairman Mr Hans Angermueller, it will

clear its last outstanding loan by March 31.

Regarded as certain to become law, the bill opens up a new front for the disinvestment campaign and is reckoned as menacing as any the South African Government has had to contend with.

As well as shunning government loans, the banks would not be able to promote Kruger rand sales.

2 Cape Times, Mon  
11/2/85

## Citibank adjusts

NEW YORK. — Citibank reiterated at the weekend that it had no plans to withdraw from private sector lending in South Africa, even though it planned to eliminate all outstanding loans to the South African Government from its books by the end of next month.

Last week New York City officials announced a proposed bill that would use the city's financial clout to penalize banks and firms doing business with the government of South Africa.

The proposed measure would prohibit the city from depositing funds with banks that underwrite South African securities, make loans to the South African Government, or promote the sale of Kruger rands.

The City Comptroller, Mr Harrison Goldin, had said Citibank was the only commercial bank not in compliance with the proposed legislation.

— UPI

RAM 9/12/85 (62)

# US bank agrees to cut SA ties

NEW YORK. — The giant Citibank, under intense pressure in New York, will soon eliminate all loans to South Africa and curtail its financial relations with the Government.

The dramatic move should serve as a sharp reminder to the South African Government that New York City would not condone the nation's apartheid policies, city officials said.

Mr Harrison Goldin, city comptroller, released a letter on Thursday indicating Citibank intended to comply with a proposed Bill that would prohibit New York from investing in any bank that did business with South Africa.

Mayor Edward Koch said the dozen banks the city dealt with would "conform" to the Bill "because the business of New York is so large it will have that impact".

The legislation was described as a blow to the policy of apartheid and Mr

Goldin said Citibank was New York's sole commercial bank not yet in compliance with the proposed measure.

He said the R800-million to R1 000-million New York had on deposit with Citibank would be withdrawn unless it agreed to comply.

A Citibank spokesman said earlier that Mr Goldin was "misinformed" and that it expected its business with New York to continue "even under the terms of this law, if it is passed".

But a letter was later released in which Citibank said it planned to "eliminate" existing loans to the South African Government by March 31 and that no plans to lend more money to SA had been made.

The proposed Bill, announced on Thursday, would bar New York from depositing its daily investments of about R2 000-million to R3 000-million with any bank doing business with the South African Government.

Funds would be withdrawn from banks that underwrote South African securities, made loans to the Government or promoted the sale of Kruggerands or other coins minted in SA or in South West Africa.

The Bill would also require firms bidding for contracts with New York to agree to restrict their South African business dealings.

And it would require firms bidding for city contracts to agree not to make direct sales of goods or services — other than food or medical supplies — to the South African military, police, prisons system or Government agencies that enforced apartheid.

New York City, corporate headquarters for most US banks, is also pressing for a programme under which investments in firms doing business with the Government would be withdrawn from its largest municipal pension fund. — UPI.

# GM's Wilking wins backing of industry

By MIKE LOEWE and KIN BENTLEY

BIG business in Port Elizabeth has backed the head of General Motors South African, Mr Lou Wilking, in his call for Government action to defuse the disinvestment threat.

In a major speech last night Mr Wilking suggested that while business was often urged to lobby for South Africa overseas, the Government itself had to act by repealing harsh and discriminatory laws.

In particular, he pointed to the Mixed Marriages Act, Section 16 of the Immorality Act, which forbids sexual intimacy across the colour line, and laws which allow detention without trial.

Mr Wilking also outlined the country's economic woes, pointing out that double digit inflation had endured for a decade and that the vast civil service was an unaffordable burden.

Mr Peter Morum, managing director and executive vice-chairman of the Firestone Rubber Company, said: "I think Mr Wilking's statement of the facts and of issues is valid. We have to address these issues. We have to handle them."

Overseas investors looking at the situation had watched the value of their investments dropped by more than 40% in two years.

The South African economy was oper-

ating on an "ad hoc manner".

"More important than anything is the fact that we do not have an economic strategy," he said. "We need to get the private and public sector working together. We need to develop our export industries."

"We have got to get control of the money supply. We have got to get control of expenditure in the public sector. We have got to get a handle on inflation."

He said the disinvestment lobby in the United States had grown into a very strong campaign.

"I think it is up to all of us to circumvent this wave building up in the United States. It is a highly emotive issue. The pickets are getting an enormous amount of coverage."

Mr Peter Searle, managing director of Volkswagen, said: "I fully support Mr Wilking's statements. The management of the economy should be the No 1 priority and it is critical that a policy centred around future economic growth and economic employment opportunities should be established."

Another top local businessman with multinational links felt the Government was doing strange things, getting the country into deep trouble and urged it

● Turn to Page 3

## PE industrial leaders rally behind Wilking

● From Page 1

take heed of Mr Wilking's comments.

The managing director of Goodyear, Mr Wally Life, said the recent incidents at Crossroads near Cape Town, in which 18 people have died, had "totally neutralised the progress we have made" in combating the disinvestment campaign in the United States.

He said he had formed an International Affairs Committee on the Midland Chamber of Industries, which would be assisting in this task.

Major reforms by the Government would assist the committee tremendously, he said.

Mr Life said there had to be an end to "forced removals, the harassment of squatters, the relentless clampdown on trade union and community leaders, detention without trial and so on" before

South Africa's detractors overseas could be countered effectively.

● Mr Life said the International Affairs Committee would be addressed by the Executive Director of the South African Foundation in London, Mr David Willers, at a lunchtime meeting on March 8.

He said the committee would also promote "more direct interchange with opinion makers in major areas of the world".

Executives in Port Elizabeth would be briefed on ways of communicating the true situation in South Africa with influential people when they went overseas.

The chances of this working would be improved considerably if the Government implemented fundamental reform, he said.



# US firm to support black education

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AKRON (Ohio) — An American company is to spend about R1 million annually for the next three years to support programmes enhancing economic opportunities for blacks in South Africa.

Announcing this here yesterday, the Firestone Tire and Rubber Company said Firestone South Africa (Pty), in which the American firm had a 25 per cent equity interest, and other manufacturers in South Africa had frequently been confronted by serious shortages of skilled labour, despite the high level of black unemployment.

It also concluded that the South African company's future marketing opportunities would largely be determined by the ability of blacks to earn incomes sufficiently high to permit them to become active consumers of tyres and other automotive products.

"As a result of its deliberations, the board decided that Firestone could respond more effectively to its ethical and social responsibilities as a United States investor in South Africa, and to the long-term economic interests of its shareholders, if it dedicated approximately 25 per cent of the dividend income and trademark fees that the company receives from Firestone South Africa to support educational and training programmes that were

responsive to the needs of blacks in South Africa.

"Firestone will begin immediately to channel funds to the South African Council for Higher Education (Sached) trust and the Institute of International Education," and also intended to increase its support of the Iqhayiya Technical College, the company said.

Sached is a multi-racial, black-led organisation which addresses a wide variety of educational needs in South

Africa.

The New York-based Institute of International Education sponsors students from South Africa who attend American Colleges and universities on the understanding that they will return to South Africa on completion of their studies.

Iqhayiya Technical College, which has about 1000 students, is the first privately-funded technical college in South Africa, according to Firestone. — SAPA

PE car <sup>22/2/85</sup>  
CAPE TOWN  
company  
to lay <sup>62</sup>  
off 465 ~~1975~~

Own Correspondent

PORT ELIZABETH. — General Motors (South Africa) will lay off 465 workers on Monday for a period of eight weeks, after which the position will be reviewed.

The lay-off affects about 10 percent of GM's 4 000-strong workforce and are across the board.

The announcement comes shortly after General Motors disclosed a multi-million rand assembly line expansion programme.

The managing director of GM, Mr Lou Wilking, said yesterday: "This measure has become necessary because the levelling out of the vehicle market in the first quarter of this year has not occurred, because of a number of economic factors affecting the country."

He said that during the eight-week lay-off period, only models requiring reduced manpower would be built.

The regional secretary of the National Automobile and Allied Workers' Union (Naawu), Mr Les Kettleidas, said yesterday that the union naturally preferred lay-offs to retrenchments.

He said, however, that the union was concerned that extended lay-offs could affect workers' unemployment benefits.

GM's lay-offs come at a time when they are lagging behind their local competitors Volkswagen and Samcor (Ford) in vehicle sales.



The mayors of seven South African cities met in the City yesterday to discuss matters of common interest, including possible American disinvestment. Seated (from left) are Mr Eddy Magid, Mayor of Johannesburg, Mr Sol Kreiner, of Cape Town, and Mr Edward Kupene, of Soweto. Standing (from left) are Mr Neil MacLennan, of Durban, Mr J A Strohfeltd, of Bloemfontein, Mr C J van Heerden, of Pretoria, and Mr I L Krige, of Port Elizabeth.

CME Tim's 22/2/85 (initials) (62)

# Disinvestment: Mayors' plea

## Municipal Reporter

MAYORS of seven South African cities are to appeal to their American counterparts to reconsider their support for the current campaign against investment in this country.

A press statement released after yesterday's historic meeting in the City of the mayors of Cape Town, Bloemfontein, Durban, Johannesburg, Port Elizabeth, Pretoria and Soweto, condemned the "uninformed, mischievous and irresponsible" attitude of certain United States

mayors towards disinvestment.

The mayors resolved at the meeting to adopt "a more determined and thrustful" approach to counter this and called for a co-ordinated effort from the private sector and local government to respond to the disinvestment campaign.

"The mayors considered that the view of

people thousands of kilometres away, however well-meaning, that causing economic damage to South Africa for political reasons would advance the cause of people of colour and improve their quality of life, was ironic and misguided and deserved to be corrected..." the statement said.

They are now considering "a number of practi-

cal steps", including a "Mayor-to-mayor, person-to-person appeal or reaction by the cities whose peoples are likely to suffer in greatest numbers".

"The mayors would very much welcome closer communication with fellow-mayors in American cities and were concerned that their balanced and friendly telegraphic communications to the president of the US Conference of Mayors in January had not received any courtesy of acknowledgement," the statement said.

*D. Aspinch* *23/2/85*  
**US company pledges  
R3m to train blacks**

PORT ELIZABETH — The Firestone Tire and Rubber Company has announced that it will spend about R1 million during each of the next three years to support programmes to enhance economic opportunities available to blacks in South Africa.

A statement issued on behalf of the company

said the US board had decided Firestone should dedicate about 25 per cent of the dividend income and trademark fees that the company received from Firestone South Africa to support educational and training programmes that were responsive to the needs of blacks in South Africa. — DDC.

# Wilking again slams GOVT

62 ~~307A~~ E. Post

23/2/85

Weekend Post Reporter

FOR the second time in a week the managing director of General Motors, Mr Lou Wilking, last night deplored apartheid and questioned the Government's ability to manage its own affairs.

Speaking at the Port Elizabeth Turf Club's annual dinner at St George's Club, he said disinvestment would be a threat to South Africa as long as racial legislation remained on the country's statute books.

Mr Wilking, who made a similar speech to the Institute of Cost and Management Accountants in Port Elizabeth on Wednesday night, reiterated GM's opposition to disinvestment.

"GM does not support legislation dictating the disinvestment of securities of firms with activities in South Africa, as this could penalise companies, which, through their commitment of resources as well as the dedication and efforts of their local managers, are contributing to the achievement of social justice and

racial reform in South Africa," he said. He also stressed the detrimental effects disinvestment would have on South Africa's neighbouring countries.

In criticising the Government, he said the overall state of the economy and the extreme financial measures taken by it cast doubt on the ability of the country to manage its own affairs.

The Government had contributed to the creation of "a stop-start economy not matched anywhere".

Mr Wilking said it was time the Government helped those speaking out against disinvestment by doing away with the Mixed Marriages Act, the Immorality Act, the Group Areas Act, detention without trial,

forced removals and the jailing of black leaders.

Mr Wilking warned that if something concrete was not done to boost Port Elizabeth's economy, the city was in danger of becoming "a second Walvis Bay".

He said the Government was at last becoming aware of the plight of the motor industry in Port Elizabeth.

The PE-Uitenhage area, since the development of the local content programme in the early 1960s, had changed from being the least costly area in which to build vehicles to an area of "substantial location penalty".

"Most raw materials and component suppliers are in the Reef area and so are most of the customers," said Mr Wilking.

"The net result is a vehicle on average costs R150 to R200 more to build in Port Elizabeth-Uitenhage than in the Reef area.

"The 136 000 units produced by this area in 1984 carried a penalty of about R20 million to R27 million.

"The Midland Chamber of Industries has been negotiating with the Doctrinalisation Board for several years for assistance to the area.

"In 1983 a nominal freight rebate on limited methods of shipment was given, but this did not address the problem meaningfully.

"After further discussions, additional decentralisation assistance has been promised and if it is implemented it will correct about half the problem."

24/2/55

# Citibank spreads its SA wings

By Ciaran Ryan

CITIBANK has extended its global telecommunications network to Port Elizabeth, scotching rumours that it is scaling down its South African representation.

Citibank is represented in Johannesburg, Cape Town and Durban. Port Elizabeth is now linked by satellite to Citibank's world network.

Launching the telecommunications

link, Citibank's senior vice-president responsible for Northern Europe and South Africa, Gordon Phelps, said reports of Citibank's withdrawing from South Africa were erroneously reported in New York as reflecting a major policy decision to cease lending to the South African Government.

"Since the South American experience most United States banks have decided not to lend to governments.

This decision is not aimed specifically at the South African Government, but at all governments.

"What has happened is that all loans by Citibank to the South African Government run out on 30 March this year and no further loans will be made. Lending to governments is not a profitable area for us as the margins are extremely small."

CAPE TOWN 25/2/85

# Disinvestment: Tough US battle

JOHANNESBURG. — While the United States Government would do everything possible to avoid sanctions against South Africa, it expected a "tough battle" because of recent news events, the US Ambassador to South Africa, Mr Herman Nickel, said on Saturday.

Mr Nickel was interviewed by SATV shortly before his return on Saturday to Washington, where he will inform his government on the disinvestment issue, expected to come up in Congress.

The ambassador said that while there had been a "good deal of progress in reform in the past few weeks", events such as the Crossroads unrest and the arrests of United Democratic Front leaders "totally block out the story of reform" in the American news media.

"Events like that happen, and negate the impact of the good news which happened in the past few weeks," Mr Nickel said. This was "a plain fact, much as one may lament it".

"We need evidence of forward progress to rally the moderates to fight sanctions, because my administration is firmly convinced that punitive measures would do great harm to the South African economy — and especially those most exposed, which means the black majority — without there being any chance of the political objectives of sanctions being achieved," the ambassador said. — Sapa

Row 26/2/85 (62)

# Anti-SA Bill imminent in US Senate

BY PRISCILLA WYTE  
ANTI-KRUGGERRAND Job-

bing is gaining momentum in the US as some municipalities oppose sales of the coins.

Democratic Senator William Proxmire will present a Bill in the Senate by mid-April to ban further US investment in SA, prohibit US bank loans to the SA Government and outlaw Kruggerand imports.

Senator Proxmire said in a letter to colleagues in the Senate in December.

"Our country engages in almost \$4bn worth of trade with SA each year making America that country's largest trading partner. My Bill will not cut off this large and growing trade except with regard to imports of the Kruggerand. In 1983 those imports were valued at \$450m and accounted for 10% of SA's foreign exchange earnings. Banning their import will be more than a symbolic action, particularly if our example convinces other countries to do the same.

"My Bill will not require the withdrawal of current investment nor prohibit the reinvestment by US firms of profits made there. It will, however ban new investment and new bank loans."

Mr Stephen Bisenius, executive director of the American Chamber of Commerce in SA, said the mayor of Pittsburgh had been "intimidat-

ing coin shops in Pittsburgh not to sell Kruggerands".

Legislation is being considered in Illinois to make the Kruggerand the only coin subject to a 7% sales tax.

A congressman, Mr Steven Solarz, an anti-SA campaigner, last year proposed legislation with a R50 000 fine and/or five years' jail for importing gold coins minted in SA.

The Bill was passed by the House of Representatives but turned down by the Senate.

Mr Bisenius said the disinvestment movement in the US had reached "hysteria pitch and anti-Kruggerand lobbying is against the General Agreement on Trade and Tariffs by which both the US and SA are bound".

Kruggerand sales to the US were worth R345m in 1984.

According to Dr Jean Sindab, executive director of the Washington Office on Africa, US direct investment in SA in 1984 amounted to \$2,3bn, down slightly from the high of \$2,6bn in 1983.

Of the 8 000 US companies trading with SA about 300 have direct investments here. About 10 of these corporations control more than 70% of the total value of direct investment.

Outstanding US commercial bank loans in June amounted to \$4,545bn, an increase of 332% from four years earlier at the beginning of the Reagan Administration.



PRESIDENT REAGAN... more dollars in SA since he came to power.

A leak to the Press in July 1983 revealed that actual US economic investment in SA came to \$14,6bn (a figure that would be larger now due to the increase in bank loans).

The study, US Investment in SA — the Hidden Places, revealed that additional types of investment, such as on the Johannesburg Stock Exchange, amounted to \$8,1bn.

Total market capitalisation of companies quoted on the JSE amounts to about R112bn.

Mr Bisenius noted that rational, well-informed Americans were being intimidated into not visiting SA.

Last month 42 people from the San Francisco Chamber of Commerce were scheduled to visit SA but, due to anti-SA propaganda and intimidation from anti-democratic

liberals likening the riot situation here to the bombing of Beirut, only 19 eventually arrived.

A similar situation developed with a party of gold investors from Texas, Arizona and Missouri, who were originally 70 in number but dwindled to 42.

Mr Bisenius believed it was not worth spending lavishly on a pro-SA advertising campaign in the US.

He said the most effective approach would be a direct mail shot to Americans trading with SA to encourage them to tell their congressmen of the mutual benefits of continued trade.

With the strength of dollar the US could now be "taking title to SA in investment which does not stop at the colour line".

About 50% of US exports are channelled through US subsidiaries trading offshore.

"With the strong dollar the US is pricing itself out of the SA market so the balance of trade is in SA's favour and I believe the monetary value of two-way trade will be \$5bn-\$6bn again in 1985," Mr Bisenius said.

The 300 American companies with fixed investments in SA had mixed feelings about whether to be more assertive in protecting rights to continue trading here.

SA represented a minuscule part of capital investment but quality of investment rather than quantity is the crux of why US corporation

stay.

The alloys and minerals which SA exports to the US are "critical to the US defence, high-tech and precious metals industries".

The voluntary restraint agreement policy of US President Ronald Reagan, which restricts SA's steel exports to the US to 0,42% of that country's total consumption, could find expression in other quarters.

Mr Bisenius believed agricultural produce such as pineapples and wine could be affected while textile exports are another touchy subject.

During the Christmas period some Californian dockers refused to unload SA produce.

Labour leaders are scheduled to hold a meeting in April to plan a strategy on trade affecting SA.

Mr Bisenius noted at the peak of the last boom about 150 000 South Africans were employed by US corporations and about 90 000 Americans depended on SA for earning a living.

However he thought innovative trading strategies could be advanced for SA to tap the lucrative US market and bring this country out of recession.

The idea of the Director-General of Finance, Dr Joop de Loor, to send SA goods with a 75% local content to Israel and then let that country finish the products and market them in the US, maybe the strategy of the future.



# Disinvestment may harm US investors

By Gerald L'Ange  
WASHINGTON  
American investors could lose money by boycotting companies operating in South Africa, according to a new study.

The study was released by the Investor Responsibility Research Centre, Inc (IRRC), which conducts what are generally acknowledged as impartial analyses of social and public policy issues in business.

The report, issued by the centre's South Africa review service, says that "the most important conclusion is that divestment will have a detrimental effect over the long term on portfolio perfor-

mance."

(62) Star 5/3/85  
A pension fund or similar investor might get better returns from a policy of avoiding companies with South African operations, according to the IRRC's latest report. However, risk and ongoing trading costs will increase, it says, and "these costs will have a detrimental effect

"In general a large portfolio (one with \$50 million to \$150 million in equities) that is actively managed will feel the effects of total divestment most severely and have to bear potentially substantial costs," says the IRRC.

Small, passively man-

aged portfolios can probably keep divestment costs relatively low, according to the IRRC.

The findings of the study contradict assertions by proponents of disinvestment that institutional investors such as pension funds will not suffer and may benefit from refusing to invest in US companies operating in the Republic.

The costs of divestment can be reduced, perhaps significantly, by the use of different management techniques, says the IRRC, but "the elimination of South African related securities from investment funds will require substantial changes

for most portfolio management styles to reduce these costs — changes that many fund managers may be unable or unwilling to implement."

Spurred by pressure from anti-apartheid activists, an increasing number of states and cities in America have moved to bar pension fund and other investments in US companies operating in South Africa.

The IRRC report is based on what the centre describes as "a critical review and analysis" of nine earlier studies on the South African divestment issue.

The nearly 300 US companies doing business in South Africa have

above average market capitalisation and trading activity in their shares, and their stock represents relatively safe equity investments, the IRRC found.

"Complete divestment eliminates more than one-third of the market value of all equity securities in the United States and it would exclude virtually all of the Standard and Poor's 500 companies in several major industries.

"Partial divestment — eliminating only the approximately 170 companies that have not signed the Sullivan principles, for example — would have a correspondingly smaller impact."

FM: One of the extraordinary things about your recent speech was that you speak as a foreigner.

Wilking: It's true. I am a foreigner. But I've lived here since 1977; I've buried my wife and my mother from here; I've raised my family here and married my second wife from here. I'm currently president of the Midland Chamber of Industries and a past president of the National Association of Automobile Manufacturers of SA (Naamsa). I think I am as much a South African as a lot of other people.

Are your views representative of other foreign companies operating in SA?

I can't speak on behalf of others, but I've certainly had support for my views from a lot of people, including managing directors of other multinationals.

What prompted the strong views you expressed in your speech to the Institute of Cost and Management Accountants?

The disinvestment issue is getting so critical that we need a clear statement by the SA Government saying what they're going to do when they're going to do it, and, by God,

# Declaration Govt now

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they must do it. The politicians have to quit making statements, such as on the opening of CBDs to all races, and then letting it drag out.

Even so you must feel the pressures are getting enormous.

Absolutely. General Motors has had shareholder resolutions on SA since 1971, none of which have been passed, and will face one again in May from the state of New York. A number of states as well as cities and universities, all big investors, are now prepared to risk potential returns on investments by doing away with their stocks in any company which does business here.

You must understand the total United States citizenry has very deep-seated feelings about racial prej-

"THE overall state of the economy and the extreme measures taken by the Government cast doubt on the ability of the country to manage its own affairs." So said General Motors SA Managing Director Lou Wilking at the annual dinner of the Institute of Cost and Management Accounting in Port Elizabeth recently. In this interview with the Financial Mail, Mr Wilking was asked to elaborate:

One can say there have been substantial changes here. For me the most meaningful change is that blacks are now allowed their homes in the cities because that says they belong where they are. Americans say that's all fine and dandy but is it true you can't sleep with a black woman?

Now, you throw that in with economic mismanagement and you've got no pluses. In the past SA was considered a pretty solid sort of place.

However, when you look at the final litany of results of recent eco-

omic management — interest rates up from 7% to 25% in four years, the value of the rand down by 60% in two years, a government that employs 63% of all whites and increases their salaries by 30% in a year of a major recession, GST up from 6% to 10% in less than half year — what do you say?

These are more recent events. One gets the impression your lack of faith goes deeper.

That's right. Let's go back to the first fundamental: gold is a figment of someone's

imagination. Number two: because of apartheid we duplicate facilities, people have to live out in the boonies and ride trains and buses to work and we've got to subsidise Mr Schoeman's Transport Budget. And then to the grander plans: Atlantis Diesel Engines is an example. It cost R600m to build and in my opinion creates a R300m cost per unit every year and in the year 2 000 we're going to be 20 years behind everybody in technology.

The Saldanha facility cost some R850m and they're in-



MR LOU WILKING

curring losses of about R150 million which gets lost in Iscor's budget and pushes up the steel price when that railway line could have been built to Port Elizabeth where we have a harbour for R80m.

sure combined with unfulfilled political promises and economic mismanagement means things are getting so bad it's no longer worth staying here?

Let's get this straight. We're staying here all right. For me SA has the most interesting set of opportunities in the world. There are some of the rarest minerals, a First World infrastructure and, its biggest asset, employable people. But there has to be change. We have to get this political thing sorted out. The sooner we do it, the sooner we'll show what this country's promise is.

What should our approach be? We should be looking at the type of industries suited to the current capabilities of the mass of the people. I'm looking at the Taiwan and Korean type of approach, making T-shirts and tacksies. And you've got to cull the public sector and put a choke-chain on every Minister. If he overspends his budget, he's out.

You're on record saying you would be interested in a South African partner. Is that not a way of disinvesting? And maybe we should look at the losses on some of these big projects and maybe we should shut them down. Take the savings and build the houses and the schools that are needed. That in itself will generate jobs and the demand for door frames and bricks and the things we can make. Are you saying the disinvestment pres-

Who would want to buy into the automobile business in SA when we've got the enormous excess capacity? There ain't any money to take home. However, by getting a partner you may get a better capital structure and, from a net working point of view, it would make sense to give South Africans a stake in the company.

Many 5/3/85 (62)

U S research study shows . . .

# Disinvestment placing pension funds at risk

Simon Barber

WASHINGTON—The growing number of states and cities enacting divestment laws are placing their pension funds and other affected portfolios at long-term risk, according to a new non-partisan study.

Prepared by the Washington-based Investor Responsibility Research Centre (IRRC), the study concludes: 'A large portfolio—having \$50 million to \$150 million or more in equities—that is actively managed, will feel the effects of total divestment most severely and will have to bear potentially substantial costs.'

The IRRC also suggests that the long-term disadvantages of divestment may be obscured by the strong short-term performance of non-South Africa-related stocks.

The report is based on an analysis of nine major divestment studies completed between 1978 and 1984, which dealt with seven public pension funds and one private endowment fund.

Total divestment, IRRC finds, means excluding up to 32 of the top 50 stocks in terms of market value. It also excludes virtually all of the 500 companies in the construction, electrical, automobile and drug industries.

The 'South Africa-free universe' of companies offers above-average dividends and earnings growth, but at the price of serious trade-offs: the firms have relatively higher debt, their stocks

are more volatile and their market capitalisation and the trading volume of their stocks is half that of companies doing business in the republic.

Divested portfolios are therefore intrinsically less stable and automatically incur much higher transaction, research and liquidity costs as fund managers struggle to meet their fiduciary responsibilities.

'Estimates of one-time transaction costs range for 1.5 to 6 percent of the value of stocks sold to comply with a divestment policy,' the study finds. 'Estimates of ongoing, additional transaction costs range from 1 to 3 percent of the value of stock traded.'

### Costs up

'Research costs will increase as managers will have to follow a larger number of smaller companies, and rapid trades in the smaller capitalisation world of South Africa-free companies will expose a fund to increased liquidity costs.'

If State and local governments are nonetheless determined to proceed with divestment, the IRRC warns, it should be clearly understood that the elimination of South Africa-related securities from investment funds will require substantial changes for most portfolio management styles to reduce these costs—changes that many fund managers may be unable or unwilling to implement.

Room 5/3/85 (62)

# Clewlow warning on disinvestment

By ANDREW DUNCAN

THE disinvestment campaign in the US is being skilfully orchestrated and has serious implications for South Africa, according to Mr Warren Clewlow, executive director of Barlow Rand.

Mr Clewlow was speaking at a function held by the French Chamber of Commerce and Industries in Johannesburg yesterday.

Mr Clewlow said South Africa could expect a steady escalation of withdrawals of

one kind or another.

The statement by Citibank that it would not grant fresh loans to South Africa after March this year was an indication of what was to come.

Recent announcements by President Botha, such as the granting of 99-year leasehold and the opening of business areas to all races, would not be enough to prevent the disinvestment campaign.

He urged all companies to write to their

contacts in the US informing them of the changes taking place and providing them with the information with which to lobby South Africa's case.

"We have nearly reached the bottom of the economic slump, and I am sure things will shortly improve.

"It is essential that we expand our manufacturing sectors so as to create employment. Continued foreign investment could help us to achieve this."

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'More pressure for change'

# Sullivan takes up anti-SA cudgels again

March 1985

The Star Bureau

LONDON — Representatives of major multinational corporations involved in South Africa will gather on Friday to hear the Rev Leon Sullivan plead for intensified pressure for change to be put on the South African Government.

The meeting — in historic Leeds Castle, south-east of London — has been organised by a group of leading American companies deeply involved with the author of the Sullivan Code of fair employment principles.

The code has been endorsed by most US companies operating in South Africa, including Goodyear, Control Data, Citibank, General Motors, Mobil and Caltex.

British companies at the meeting will include Shell British Petroleum, Barclays Bank, Rio Tinto Zinc and possibly the General Electric Corporation.

It is understood the meeting will also be attended by Swedish and Italian businessmen.

Mr Basil Hersov, chairman and managing director of the Anglovaal Corporation and president of the South African Foundation, Mr Tony Bloom, chairman of Premier Milling, and Mr Jan Steyn, head of the Urban Foundation, will attend as observers.

Invitations for the meeting went out from Mr Edward Heath, former Conservative Party Prime Minister, but his spokesmen deny that he will

chair discussions or that he has organised the event.

In a sense, the meeting is another in an annual series between the Rev Sullivan and British businessmen to "compare notes" on progress being made on fair employment codes in South Africa.

While most American companies in South Africa have signed the Sullivan Code, many British and European companies apply the earlier European Economic Community's Employment Code.

## ENDORSEMENT

With increased pressure in the US for disinvestment, it appears a number of major US companies hope to pre-empt legislation on investment in South Africa by making the Sullivan Code tougher and gaining endorsement for it in Europe.

This code goes far beyond the EEC's voluntary code, requiring signatories to bring direct political pressure on the South African Government.

Company representatives due to attend the meeting refused to comment yesterday, but it is clear most British businesses remain opposed to moving from the EEC to the Sullivan code.

It is not certain what the approach of Swedish and Italian businessmen will be.

Most British companies operating in South Africa feel they have been in the vanguard of social change and that their efforts pre-dated the Sullivan Code.

CAPL- 7/12/85  
216 227 62

# US, UK, SA in talks on reform

From JOHN BATTERSBY

British prime minister and now a Tory MP.

LONDON. — Leading South African, British and United States business executives will meet behind closed doors in a castle outside London today to consider proposals by the Rev Leon Sullivan for foreign investors to step up pressure for reform in South Africa.

The "private" meeting has been organized by Mr Sullivan—the American author of the Sullivan code of conduct for US firms operating in South Africa — with the backing of General Motors in the US.

Invitations to major British and South African companies went out in the name of Mr Edward Heath, the former

The Sullivan initiative is believed to have the full backing of the Reagan administration, anxious to rescue its ailing policy of constructive engagement.

It is aimed at pre-empting the growing US disinvestment lobby backed by Democrat Senator Edward Kennedy.

The South African contingent will be headed by Mr Jan Steyn, director of the Urban Foundation.

Mr Sullivan has won the provisional backing of 119 of the 126 US signatories of the Sullivan principles for a revised code which would require signatories to apply direct political pressure on the South African Government to dismantle apartheid.

US Bill wants ban on new capital going to SA, but . . .

# Democrats scrap disinvestment plans

Washington

Democratic Party Congressmen leading the campaign against South Africa's race laws and President Reagan's policy of constructive engagement have decided against calling for disinvestment, it is learned here.

They have instead drafted legislation to ban new investments and bank loans to South Africa and end Kruggerand sales in the United States — and give the President the right to waive these sanctions if South Africa introduces reforms.

Details of the legislation will be released at a news conference in Washington later today.

It means that there will probably be no serious attempt in Congress this year to force US companies to end their operations in South Africa.

It is also understood that there will be no concerted attempt to force US companies to become signatories to the Sullivan Code on employment practices — a measure resisted by many companies, especially smaller ones which protest about the high cost of auditing to conform to the code.

Another omission from the legislation is the threat to ban South African Airways from landing in the US.

Drafting of the legislation was completed this week. It will be known as the Anti-Apartheid Bill and will help to set the battleground in the House of Representatives and Senate for a long fight over apartheid.

## Abhorrence

While it will not stop individual Congressmen from pursuing their own legislation, it has been designed by the Democrats to be the most realistic sanctions package possible, incorporating only those aspects of previously introduced legislation that stand a chance of being approved.

The Democrats had been hoping for Republican support on the issue, but there were few signs of it today.

Republican foreign policy leaders, Senators Mr. Richard Lugar and Mrs. Nancy Kasse-

By Neil Lurssen,  
The Star Bureau

baum, are drafting their own legislation, but it is learned that they have been so busy with other matters that they have not spent much time on it.

The Lugar-Kassebaum legislation will aim at holding the Democrats' Bill at bay and try to tread a delicate path of supporting President Reagan's constructive engagement policy while indicating to South Africa abhorrence of apartheid.

Congressional sources said they expected the Democrat-controlled House of Representatives to approve the Bill overwhelmingly but that it would run into difficulties in the Senate, where the Republicans have a slender majority. It could be vetoed by President Reagan if it passes both chambers.

Sources said actions by the South African Government would have a big impact on the vote. Genuine reform could persuade waverers to vote against the Bill — but further repression would work the opposite way.

David Braun reports from Cape Town that senior officials of the Department of Foreign Affairs are monitoring events in the US closely but are not prepared to react to reports until a more clear pattern is evident.



From page 1

termines, and both houses of Congress agree, that Pretoria has taken one or more specific steps to lift apartheid.

Those steps include:

● Ending the "denationalization" of black South Africans.

● Permitting blacks to seek employment wherever they can find it and allowing black employees and their families to live near their workplace

● Ending forced removals.

● Abolishing the Group Areas Act

● Entering "meaningful" negotiations with "truly representative leaders of the black population".

● Implementing UN resolution 435 in South West Africa/Namibia.

● Freeing all political prisoners.

US firms that violate the loan and investment bans would be liable to fines of up to R2-million.

The measures closely resemble those passed by the House of Representatives last year, except that they do not require compliance by US firms with the Sullivan code. The waiver clause is also new.

The bill is being sponsored on the Senate side by Senators Kennedy, William Proxmire, Paul Sarbanes and Lowell Weicker. All are Democrats except Mr Weicker, a liberal Republican.

The House sponsors are Congressmen Gray, Stephen Solarz, Howard Wolpe, chairman of the House Africa subcommittee, Walter Fauntroy, Howard Berman, and one Republican, Mr Hamilton Fish.

# SA legislation before Congress

(62)

Capit. Times 5/3/85

From SIMON BARBER  
WASHINGTON. — Congressional Democrats led by Senator Edward Kennedy and Congressman William Gray, chairman of the powerful House Budget Committee, yesterday took charge of the South Africa debate on Capitol Hill, jointly introducing an anti-apartheid bill.

Never before has the same South Africa legislation been introduced simultaneously in both houses of Congress.

The Anti-Apartheid Act of 1985, as it is officially known, calls for the following:

● No new investment in, or bank loans to, any sector of the South African economy. This specifically includes any transfer of funds to South Africa "to establish or

finance American companies". Reinvestment of local profits is permitted, as is the purchase of South African stocks on international exchanges.

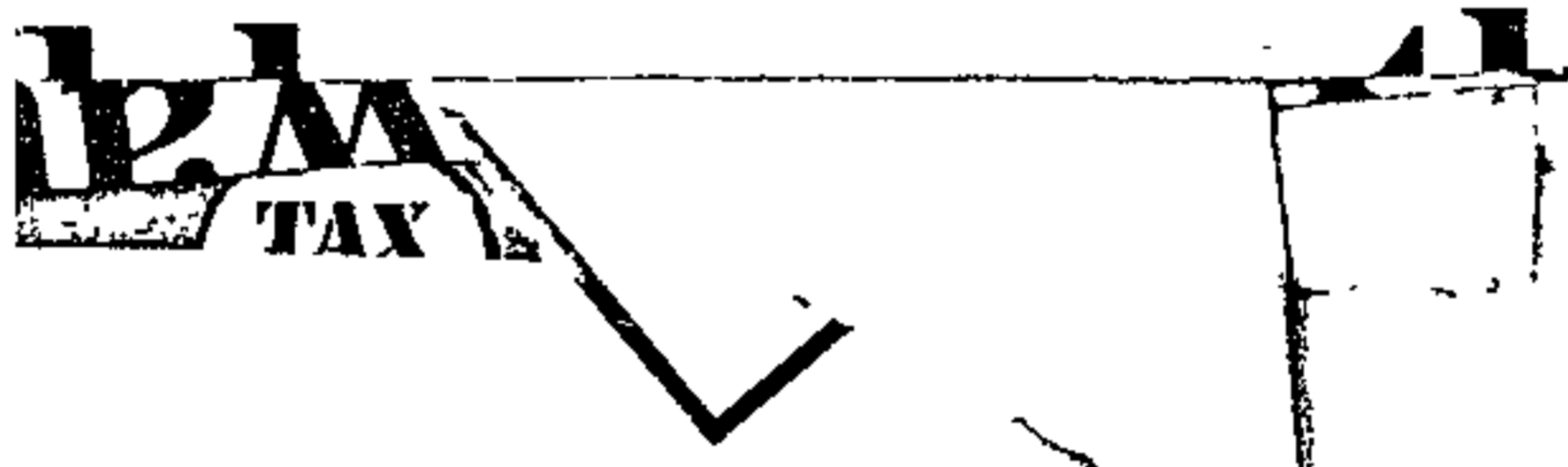
● Bank loans to the South African public sector may be permitted "to operate educational, housing or health facilities open and accessible to all on a non-discriminatory basis".

● No Kruger rand imports into the US.

● No computer sales of any kind to the South African Government, not even spare parts and servicing for computers already sold.

The loan and investment bans may be waived for 12 months at a time, if the President de-

◆◆◆◆  
To page 2







Mr Edward Heath



Mr Jan Steyn



Mr Basil Hersov



Mr Tony Bloom

# Revised Sullivan Code may buy valuable time for SA

CAPL Times 8/3/85  
62  
~~1985~~ ~~1984~~ ~~1983~~

JOHN BATTERSBY reports from LONDON

A CONFERENCE held in the Leeds Castle in Kent this week might have been the last chance for the South African business community to defuse the growing disinvestment campaign.

The conference — described by the organizers as "private" — was remarkable in several respects.

For the first time it brought together the Reverend Leon Sullivan, leading South African businessmen, United States company executives and executives of leading British companies who have firmly rejected disinvestment as a means of accelerating reform in South Africa.

Mr Sullivan wrote the code of conduct for US firms operating in South Africa.

## Revised principles

Acting as chairman and organizer of the conference was Mr Edward Heath, a former British prime minister. He gave a tough warning when he visited South Africa in 1981 that failure to grant blacks political rights would lead to revolution.

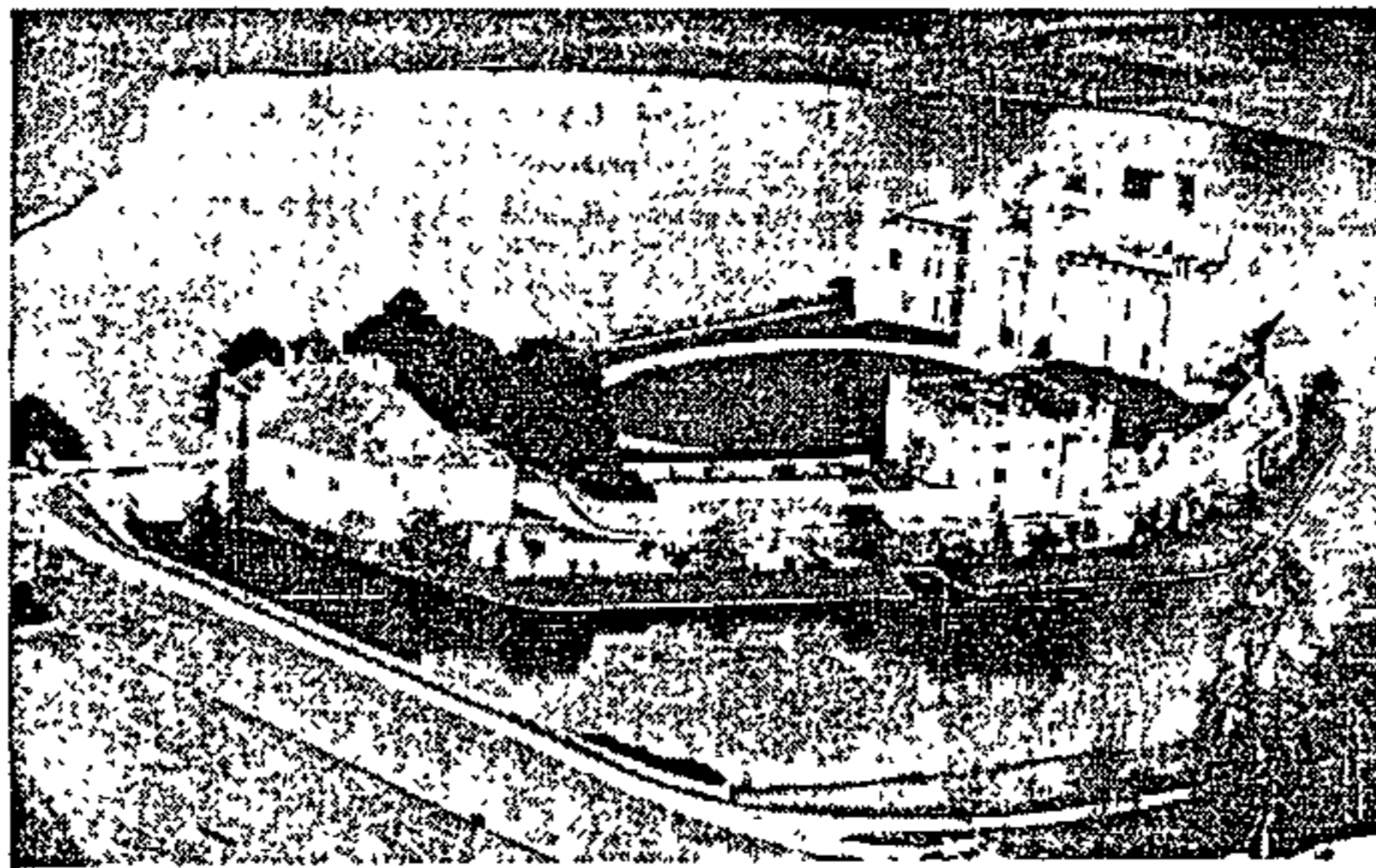
The conference, set up by Mr Sullivan with General Motors' backing and with Mr Heath's assistance, was a follow-up to an earlier meeting with British executives in 1983. At that meeting Mr Sullivan sought British support for his revised Sullivan principles.

The revised code requires signatories to apply direct pressure on the government to dismantle apartheid.

It is believed that British companies are less than enthusiastic about the new Sullivan proposals in their present form because they would amount to direct interference in South Africa's domestic affairs

## Strong reservations

Most British companies with



Leeds Castle in Kent — venue for SA's last chance

coming involved in what amounts to direct interference in South Africa's domestic affairs.

Political intervention through multinationals operating in South Africa also raises for many US businessmen a series of moral questions about their operations in other countries with poor human rights records, particularly communist countries.

However, given the tide of disinvestment sentiment in the US, they realize that the choice is no longer between backing the Sullivan principles or rejecting them, but between continuing their South African operations under the protection of the Sullivan umbrella or not operating in SA at all.

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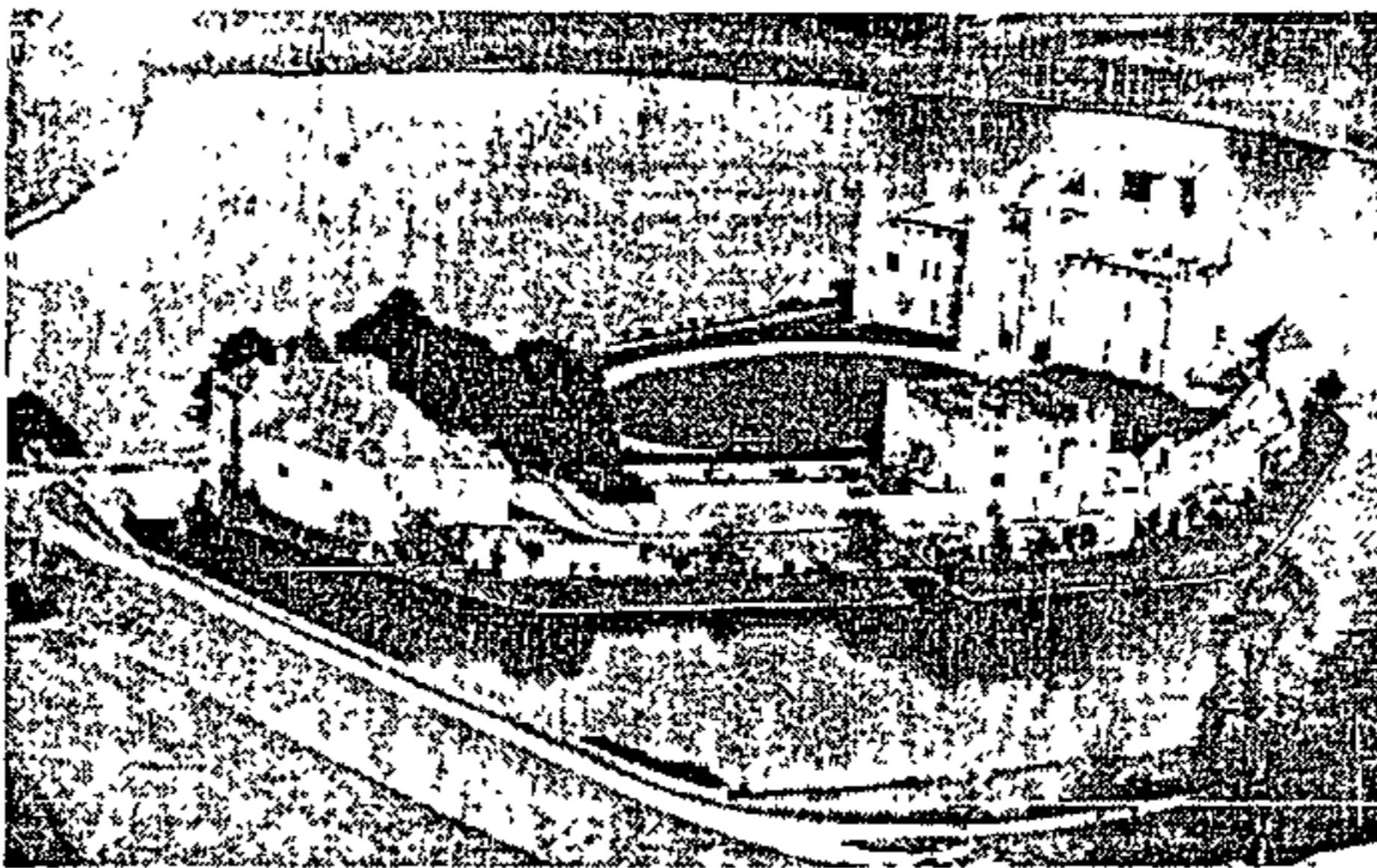
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If successful, the Sullivan strategy, which amounts to a manifesto for continued foreign investment in South Africa, would undermine the growing campaign for disinvestment. It would buy time for evolutionary change in South Africa.

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In short, the Sullivan strategy presents possibly the last chance for the Reagan administration to rescue its policy of constructive engagement with Pretoria, although in a modified form.

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By their presence at the conference, South African businessmen like the chairman of Premier Milling, Mr Tony Bloom, and the chairman of Anglo Vaal, Mr Basil Hersov, could make a major contribution to staving off disinvestment in some form.

The South Africa debate in the US, which has taken on the proportions of a national moral crusade, is no longer whether US companies should disinvest in South Africa, but what form that disinvestment should take.

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Mr Edward Heath



Mr Jan Steyn



Mr Basil Hersov



Mr Tony Bloom

# Revised Sullivan Code may buy valuable time for SA

CAPL Times 8/3/85

62

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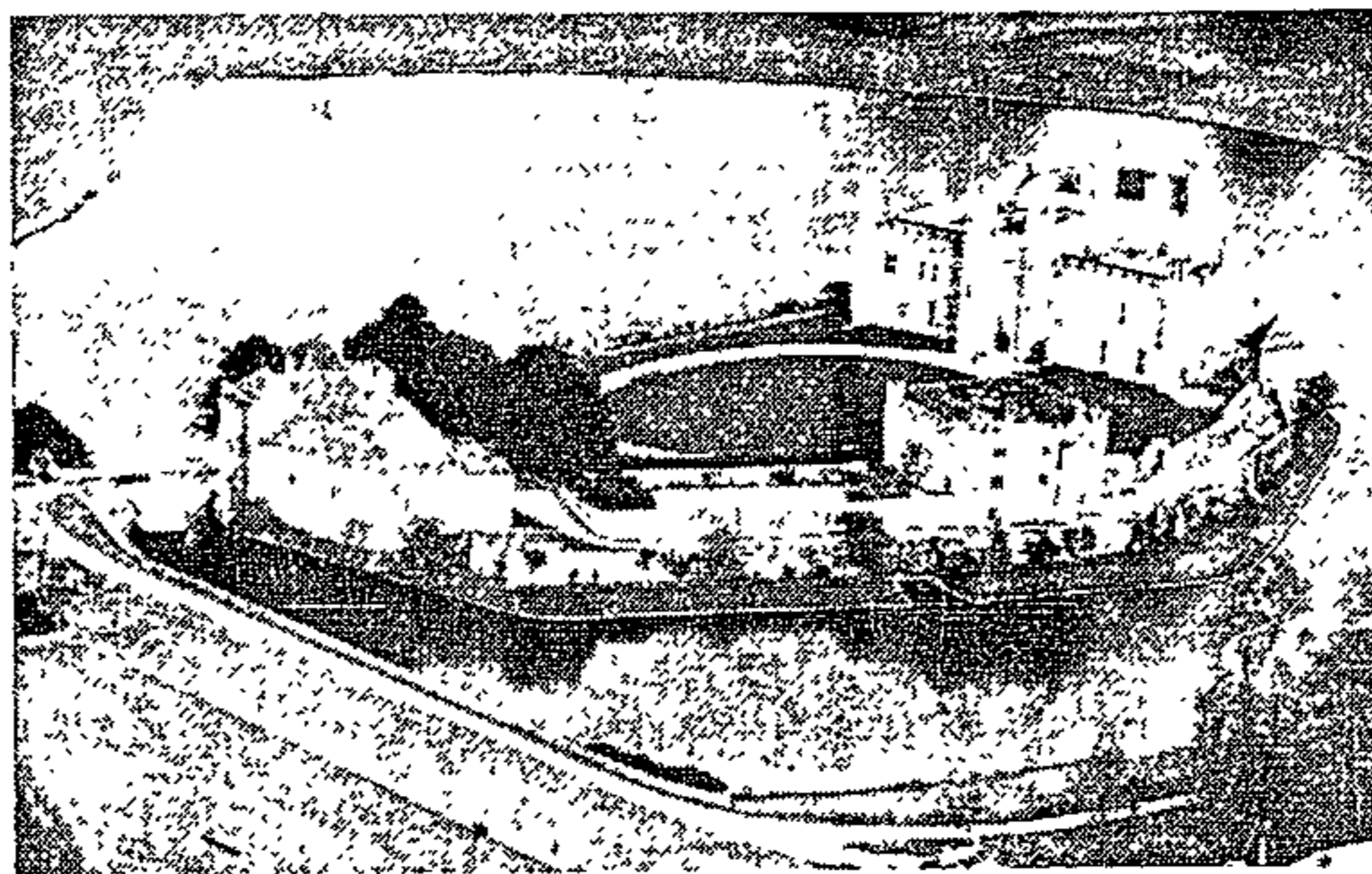
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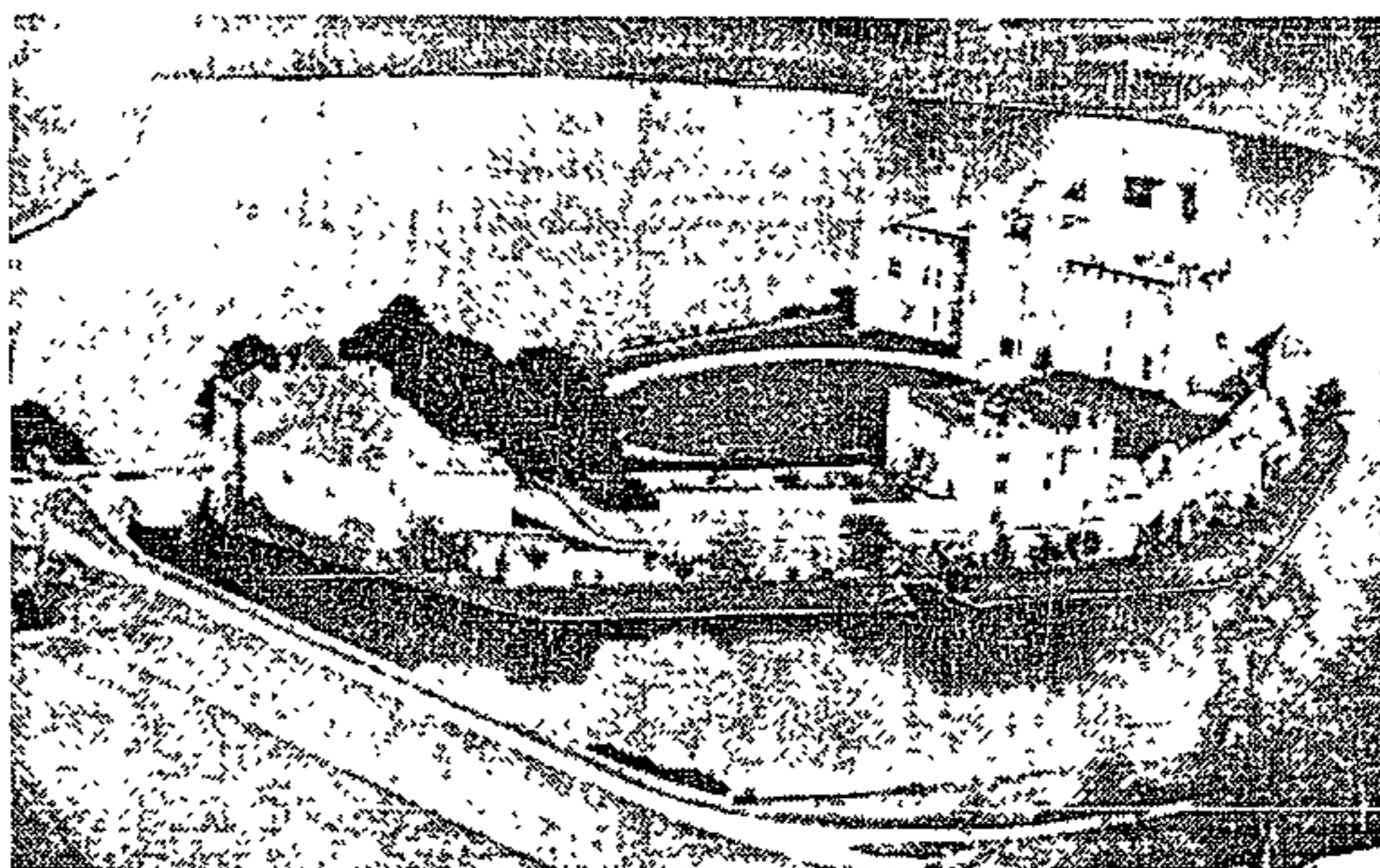
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US FIRMS <sup>(62)</sup>  
CAPE TIMES 13/3/85  
'question  
SA links'

NEW YORK. — In a major report yesterday, the Wall Street Journal said the United States political storm about South Africa was mounting, and that many believed US involvement was now at a turning point.

"The storm is fuelled both by events in South Africa — where growing racial polarization clouds the economic as well as the political outlook — and by pure US domestic politics," it says.

"Many corporate planners and politicians believe that US involvement in South Africa is

now at a turning point. While American companies continue in public to fight the growing pressures on them, in private more and more are questioning the value of staying."

The report says: "Most (American) companies don't seem poised to leave South Africa, and few are willing even to talk about that prospect. No one is predicting imminent revolution there. But the political pressures are buffeting US firms from both sides."

The report says some executives who decided years ago against investing in South Africa were glad now.

Mr John Bierwirth, who in 1967 was head of National Distillers and Chemical Corporation's international business and decided not to build a plant in South Africa, is quoted as saying he did not want to be responsible "for sending someone to a country where, if the policies continued, there was going to be a revolution".

The South African issue had "taken on a life of its own in the United States — partly on its merits and partly because it is tailor-made for political exploitation. Politicians can denounce apartheid and urge sanctions to prod its government without feeling direct consequences at home".

But the report also quoted Representative John Conyers, a long-time anti-apartheid militant, as saying: "This is really hot in Congress. I've never seen people here, outside Vietnam and the nuclear questions, that interested in a purely foreign issue."

The issue, Wall Street Journal readers were told, "is galvanizing liberals and conservatives alike". — Sapa

Parliament and Politics

Disinvestment: 'We will beat it,' says Pik

Cape Times 13/3/85

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Political Staff

PARLIAMENT. — South Africans should accept that the disinvestment campaign in the United States could lead to "significant economic damage" — including loss of jobs, the Minister of Foreign Affairs, Mr Pik Botha, warned yesterday.

Speaking in the House of Delegates in a debate on a Private Member's motion on disinvestment, Mr Botha said the government viewed the threats seriously and would do all it could to contain and defeat them.

"We have faced sanctions before. We have faced this threat for more than two decades. We beat the arms embargo. We beat the oil embargo. With the country's help, we will once again beat this threat," he said.

In spite of opposition to sanctions by the US administration and by the governments of South Africa's other major economic partners, the threat was considerable.

The US legislative process, combined with the "anti-South African" majorities in the House of Representatives, the



Mr Pik Botha

majority of states, and most major cities, made a variety of "hostile" actions possible.

But the "boycotters" could not succeed.

"Indeed, we can and will not allow it. We must, nevertheless, be forewarned of and prepared for the dangers," he said.

The "misplaced and perverse" sense of justice and humanity being displayed by the "wealthy men and women" in the US who advocated disinvestment would lead to famine and degradation for millions of blacks.

"We Africans face a

harsh reality which is too little understood in the US. This is the reality of the first of all human freedoms, perhaps the most fundamental of them all: freedom from want and famine. Destroy a job and you take away a family's food," he said.

Yesterday's debate was noteworthy for the unanimous rejection of disinvestment by the Indian MPs.

The chairman of the Indian Ministers' Council, Mr Amichand Rajbansi, said the presence of US firms in South Africa, had played, and would continue to play, a

significant role in bringing about change in the country.

The Leader of the Opposition, Dr J N Reddy, called for even greater involvement by US firms in promoting social and economic upliftment among less privileged South Africans.

The proposer of the motion, Mr Ahmed Arbee, the Solidarity MP for Eastern Transvaal, called on US legislators not to rush into legal curbs on investment in South Africa.

He urged them to heed the views of all South African leaders, and to be aware of the opportunities that could be created for greater communist influence in South Africa if the disinvestment campaign succeeded.

Mr. Pat Poovalingam, the Solidarity MP for Reservoir Hills, said he did not want to see the country damaged just because the government did "stupid things". He said disinvestment had been a communist threat for 20 years. "Liberals" in the US who believed they had suddenly discovered the strategy were unwittingly following the Moscow line.

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## Mayors clash as New York takes on anti-SA laws

Argus Foreign Service

NEW YORK. — A letter from the Mayor of Johannesburg, councilman Eddy Magid, criticising New York's decision to withdraw its investments in South Africa, has drawn a political rebuke — and a Biblical quotation — from New York's Mayor, Mr Ed Koch.

Referring to Mayor Koch's best-selling autobiography, Mr Magid wrote: "Having read your book, Mayor, I have difficulty in associating the Mayor Koch that I got to know from the publication with your present initiative on the question of disinvestment."

New York's plans to withdraw its municipal pension fund investments in companies that do business in South Africa — reported to involve about R8-billion — were described by Mr Magid as "misguided and irresponsible".

In his response, Mayor Koch wrote: "Apartheid is an unconscionable evil that defies any explanation or justification."

He concluded his letter by drawing a parallel with ancient Babylon, when King Belshezzar, in a dream, saw a warning at the end of his reign written on a palace wall.

The King ignored the writing on the wall and was killed that night.

"South Africa," Mayor Koch wrote, "still has time."

The trustees of what is New York's largest pension fund voted last August to begin phasing out the fund's investments in companies that do business in South Africa, starting with those companies directly linked with South African Government enterprises.

The popular and outspoken Mr Koch — who is fighting a third-term election this year against, for the first time, a black candidate — first rejected then supported the move.

He made public the correspondence from South Africa at the same time as he signed into law municipal legislation restricting New York's trade with South Africa.

RM 18/3/85

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# New York divests

By RICHARD WALKER

NEW YORK. — Mayor Ed Koch has signed into law a Bill withholding billions of dollars worth of municipal funds from banks that do business with Pretoria.

The Bill, to take effect from July, also stops municipal agencies from buying South African goods or services.

One effect is to exclude most of the United States' biggest banks from underwriting loans to the SA Govt.

New York is home to five of the nation's six largest banks and none are likely to challenge the city.

The mayor released an exchange of letters with a former Johannesburg mayor, Mr Eddy Magid, which Mr Koch had concluded with a warning in the form of a biblical parable of the writing on the wall.

Under the new Bill:

- Banks that do business with the city will not be permitted to promote the Krugerrand.
- US firms that deal with the SAP or SADF or with the Ministry of Co-operation and Development will also be discriminated against when they bid for city contracts.



ONE TIME 1938

# New York acts on apartheid

Own Correspondent

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## R8 000-million

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Justifying his action, the mayor released an exchange of letters with the Mayor of Johannesburg, Mr Eddy Magid, which concluded with a warning in the form of a biblical parable.

Citing the dream of King Belshezzar, who ig-

nored handwriting on a palace wall and then was killed the same night, Mr Koch closed his letter by submitting "South Africa still has time".

Earlier in the letter, he said: "Apartheid is an unconscionable evil that defies any explanation or justification."

Mr Magid had written to Mr Koch on February 28 to call New York's policy "misguided and irresponsible". The letter included a lengthy statement from seven South African mayors, contending that disinvestment by any American city would hurt "a great many commercial and industrial workers of colour".

The Mayor of Johannesburg also struck a personal note.

"Having read your book 'Mayor', I have difficulty in associating the Mayor Koch that I got to know from the publication with your present initiative on the question of disinvestment," he wrote.

City hall circles here say a further approach was made to Mr Koch on the basis of his religion and South Africa's support for Israel.

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## Exception

An exception is allowed in the case of bank loans for racially-mixed housing, health and education projects, but the terms are exceptionally tightly worded.

Such projects must be "available to all persons on a totally non-discriminatory basis and located in geographic areas accessible to all groups of the population".

The Bill was worked out in months of often bitter backroom haggling among city politicians.

DISINVESTMENT

AR 645 20/3/85 62

# The Sullivan Code — a sham or a sjambok?

MICHAEL ISIKOFF of The Washington Post exposes some of the hitherto unknown motives driving the man who gave his name to a business code which is popularly, but mistakenly, seen as the alternative to American disinvestment

**Q** HAS there really been progress in South Africa as a result of the Sullivan Code?

**A** There's no question about it. The principles have created a revolution in industrial race relations, a revolution that has its own momentum.

**Q** Are American companies making these changes because they believe sincerely that apartheid is wrong, or because they're afraid of the kind of political pressure that you and others will bring on them?

**A** They're making the changes largely because of the pressures that are on them. When I started the Code it took two years to get 12 companies to sign up. Two years! And I got all kinds of letters from companies telling me they wouldn't support it.

They told me to mind my own business, that it wasn't the role of business to get involved in political affairs. But the pressures of the anti-apartheid movement — and hopefully some persuasion that I was able to exert — began to move companies to become signatories.

**Q** The advocates of disinvestment are really saying something very different. They're saying desegregated lunch facilities mean nothing in a country where blacks cannot vote. Many of them say the Sullivan Code is a sham.

**A** I would agree with them. Did you hear what I said?

**Q** You would agree with them? But you just said that they have created a revolution.

**A** Of course. I would agree with many who would say they are a sham because they don't understand what my objectives are. The Code is a beginning and a process, an evolving process that is strengthened with each step and each phase.

Now my aim is that the impact of this will become pervasive enough so that not only American companies, but companies of the world that have South African operations, will add much, much more to the dismantling of apartheid — along with other thrusts.

Remember I keep saying "along with other thrusts". I never saw the Code as being a solution to the apartheid problem.



The Reverend Leon Sullivan

**Q** Should legislation be passed at the state and municipal levels requiring disinvestment in companies that do business in South Africa?

**A** Yes. Yes. You must remember that I do not agree with the companies on the disinvestment campaign.

**Q** But these companies are saying exactly what you are saying. They're saying they are doing good in South Africa by being there.

**A** But I'm sorry, I'm telling you where I am. I am not representing the companies, I'm representing Leon Sullivan. And I'm using the companies as a strategy. I think we need the disinvestment campaign to keep pressure on the companies.

**Q** How are your relations with the corporate executives who have signed? How do they like having their company's behaviour in part dictated by a black Baptist minister from Philadelphia?

**A** It doesn't matter what they think about me. I know where I am going and the only thing I want is the companies to be pushed on my wagon. Then it's up to me to drive them as far as I can to the ultimate objective.

**Q** I believe you've supported the proposal to make the Code mandatory. Yet the companies say that would destroy the whole system by bringing in lawyers and tying up the process in bureaucratic red tape.

**A** That is their opinion. My opinion is that the Code would be far more effective if it were made mandatory. Then every company would be required to live up to it. And if they didn't

there should be embargoes and sanctions and ultimately the loss of government contracts.

**Q** Some companies that have dropped out say you are engaging in corporate blackmail.

**A** I wouldn't call it blackmail. I would say that I am diligent about my business!

**Q** These companies say they are answering to their stockholders, not the Reverend Leon Sullivan.

**A** And I am answerable to God and my own sense of conscience.

**Q** You've recently added to the Code, requiring American signatories to lobby to abolish apartheid laws. Is that an appropriate role for American companies operating in a foreign country?

**A** There is no question I think it is, particularly in a country with such unjust laws. Companies have vast lobbying strength. Vast. They can change presidents of America. Companies can elect US senators. Companies in foreign countries can determine what happens in foreign countries.

**Q** Isn't it true that many of these companies are very unhappy about this new requirement?

**A** Yes. So what? For seven years I've had people expressing uncomfortable feelings to me on things. I intend to make them uncomfortable. That's the way you get change. But companies supported the emplications (to the Code) unanimously. Publicly.

**Q** And privately?

**A** Well, privately is another matter. Some of them talked to me personally. They say: "Rev-

erend, I think maybe you've gone too far. I don't think we can get too deeply into this kind of thing. Be careful."

**Q** And you said?

**A** I have my direction and I'm gonna follow it.

**Q** How did you get involved in the South African issue in the first place?

**A** I've been part of the civil rights movement all my life. When I came to Philadelphia 35 years ago I found a lot of unemployment among black youth and I began to try to find jobs for them. But segregation was so strong, so prohibiting, that we couldn't get jobs for young blacks in businesses.

So I created boycotts. I boycotted companies that discriminated against black people one at a time, until the companies opened up thousands of jobs for blacks in Philadelphia.

During all this process I got a call from General Motors and they asked me to join their board of directors in 1971. And one of the first things I ran into was South Africa.

When I left South Africa they took me in a little room and stripped me of my clothes, down to my underwear, to look and see what I was taking out. I realised if this could happen to me in South Africa, then what happens to the blacks who live there? The impact on me was devastating.

**Q** Some argue that only a revolution with violence is ultimately going to change the white Afrikaners.

**A** It might be so, yeah. What I am striving for is to avoid it. I am in the tradition of Jesus Christ and Gandhi and, I hope, to some extent Martin Luther King. I look upon myself as a man of peace who wants to find a way, along with others, to avoid violence.

**Q** You were pro-disinvestment at that time?

**A** I held that GM should get out of South Africa. I held that view until 1975. I made speeches on the stockholders' board, one major speech.

**Q** What changed your mind?

**A** In 1975 I went to Lesotho. They announced where I would be staying and I said if anyone wanted to see me, they could.

The next day and night many people came to see me — black, white coloured, Asians. One group was of union workers and they asked if I could not get American companies to be an influence for change in South Africa.

They said that it had never been tried before.

Let's stand together, urges Botha

# US anti-SA

# moves can

# hurt — Pik

By CHRIS FREIMOND  
Political Correspondent

PARLIAMENT.

**SOUTH AFRICANS should accept that the disinvestment campaign in the United States could lead to "significant economic damage" — including loss of jobs — the Minister of Foreign Affairs, Mr Pik Botha, warned yesterday.**

Speaking in the House of Delegates in a debate on a Private Member's motion on disinvestment, Mr Botha said the Government viewed the threats seriously and would do all it could to contain and defeat them.

"We have faced sanctions before. We have faced this threat for more than two decades. We beat the arms embargo. We beat the oil embargo. With the country's help we will once again beat this threat," he said.

In spite of opposition to sanctions by the US Administration and by the governments of South Africa's other major economic partners, the threat was considerable.

The US legislative process, combined with the "anti-South African" majorities in the House of Representatives, the majority of states, and in most major cities, made a variety of "hostile" actions possible.

But "boycotters" could not succeed. "Indeed, we can and will not allow it. We must, nevertheless, be forewarned of and prepared for the dangers," Mr Botha said.

The threat would be defeated because most South Africans strongly resisted disinvestment — including some black leaders who represented consistently anti-Government viewpoints.

The "misplaced and perverse" sense of justice and humanity being displayed by the "wealthy men and women" in the US who advocated disinvestment would lead to famine and degradation for millions of blacks.

"We Africans face a harsh reality which is too little understood in the US. This is the reality of the first of all human freedoms, perhaps the most fundamental of them all: freedom from want and famine. Destroy a job and you take away a family's food," he said.

Mr Botha reaffirmed the Government's determination to allow South Africans to determine their own future.

"We welcome the constructive help and advice of our friends, but we reject demands and prescriptions," he said.

He called on all South Africans to speak and act together, promptly, systematically and in co-ordination to counter disinvestment campaigns.

"Most Americans and Europeans are men and women of sound judgment and goodwill. Too many are misled because they do not hear what South Africa's people really want. We can and must reach them," Mr Botha said.

Yesterday's debate was noteworthy for the unanimous rejection of disinvestment by the Indian MPs.

Most speakers, however, reaffirmed their opposition to apartheid, which some blamed for the current disinvestment campaign.

The chairman of the Indian Minister's Council, Mr Amichand Rajbansi, said the presence of US firms in South Africa had played and would continue to play a significant role in bringing about change in the country.

The leader of the opposition, Dr J N Reddy, called for even greater involvement by US firms in promoting social and economic upliftment among less privileged South Africans.

The proposer of the motion, Mr Ahmed Arbee, the Solidarity MP for the Eastern Transvaal, called on US legislators not to rush into legal curbs on investment in South Africa.

Mr Pat Poovalingam, the

□ To Page 2

## Pik's appeal to SA

□ From Page 1

Solidarity MP for Reservoir Hills, said he did not want to see the country damaged just because the Government did "stupid things".

RICHARD WALKER reports from New York that the influential Wall Street Journal has reported that US companies have begun in private to question the value of staying in South Africa.

Caught between SA's problems and growing political outcry at home, US business plans "no new major investments or bank loans in South Africa anytime soon", the business daily said in a front page review of current attitudes, adding that those who years ago resisted the lure of investing in SA "are glad now that they did".

"Many corporate planners and politicians believe that US involvement in

South Africa is now at a turning point," the paper reported.

"While American companies continue in public to fight the growing pressures on them, in private more and more are questioning the value of staying."

One executive with long involvement in SA told the journal: "This is a very pivotal time. A lot of corporate planners are saying that unless there's significant change in apartheid in the next one or two years, we're going to get the hell out. The situation will only get worse."

Only one instance of a US company moving into SA was cited — an insurance broker specialising in protection against fires, revolutions and other calamities.

"Our clients have a greater need for our services in South Africa now," it told the journal. "They're concerned about getting wiped out."

# Leaders reject disinvestment

Cape Times 12/2/85

CABINET ministers and prominent Western Cape businessmen commented on disinvestment at a New Southern African Club lunch yesterday.

● The Chairman of the Ministers' Council of the House of Delegates, Mr Amichand Rajbansi, said that disinvestment would directly destroy the political awareness of black people in Southern Africa.

"Any action against South Africa would be a move against the whole of Southern Africa. The political salvation of the black community depends on the rise of black consciousness and political awareness."

● The Chairman of the Ministers' Council of the House of Representatives, the Rev Allan Hendrickse, said: "We believed that a new situation had been created in South Africa; the beginning of a revolution of race relations. We are living through that revolution, in terms of social change and political change."

He said that those calling for disinvestment had wanted to create a situation in South Africa where anarchy and political chaos could thrive.

"Look at who is calling for disinvestment in the United States. It's not the 'Have-nots', it's the 'Haves'."

"Give us a chance and we can show those people that this country can be a place where people can live happily together," he said.

● The president of the Cape Town Chamber of Commerce, Mr P Krawitz, said that poverty was the only result of a disinvestment campaign.

He described those who advocated economic sanctions as "sadly misinformed do-gooders".

● The president of the Western Province Chamber of Commerce, Mr Oswald Mama, spoke of continued "conditional" investment in South Africa by foreign companies.

"Black areas are the hardest hit — they are very much impoverished. If some of the investment could be channelled into black areas, we could also play a meaningful role in the economy of the country by providing jobs for our own people," he said.

"The answer does not really lie with the United States but right here in this dear South Africa of ours. More attitudes must change in this country."

# Contacts <sup>62</sup> urged with US firms

Staff Reporter

TO combat the disinvestment campaign, the South African business community needed to establish a personal or "grassroots" level of contact with their counterparts in the United States, a prominent American economics adviser said at a New Southern African Club lunch meeting on disinvestment yesterday.

The speaker, Dr Jack Holland, former professor of management at California's San José University and an ardent supporter of US President Ronald Reagan, was addressing about 200 members of the Western Cape's business and political community.

## 'Utterly destroy'

For Americans and "in the eyes of the world", disinvestment in South Africa was a fact, Dr Holland said.

"Disinvestment is something that the public doesn't realize — it's something that could utterly destroy this country."

In outlining the situation in the US in which the call for disinvestment had grown, Dr Holland said the South African business community could expect no sympathy from Washington DC or from the American press.

The American press was an entertainment medium and not an educational one — "they have to have good copy; that's bad news only", and thrived on sensationalism.

Dr Holland said he knew nothing about Crossroads — other than what he read in US newspaper reports — "which I don't believe, anyway".

"I notice your own press isn't doing too well," he said, commenting on a report in the Cape Times on Senator Edward Kennedy's visit to South Africa.

However, one aspect of Senator Kennedy's visit had pleased him, he said.

"Blacks telling Kennedy to go home — that was a demonstration that the blacks care deeply too, and did not want the absolute lies to go on."

Commenting on the upsurge in civil disobedience by prominent Americans over South Africa's internal policies, he said: "That's not an eruption over South African policies; it's a regular eruption by a group of people like George McGovern and Jane Fonda. They do it every three years."

"This (his invitation by the club to speak at the lunch) is the answer for you in America," he said.

"Don't rely on the press. We've got to quit relying on the media to tell the truth. It's not their ball game — unless it serves their interests. Don't rely on the Reagan administration. The answer lies in getting more and more American businessmen out here."

"I'd urge every one of you to drop a letter to an American chamber of commerce or contact a management club in the US. Send them the SA Digest or other publications," he said.

Disinvestment was a hot issue that was being handled out of ignorance, but it was up to the South African business community to change that ignorance, he said.

# Plan to disinvest in SA undercut

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11/3/95  
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From JOHN BATTERSBY

LONDON. — A top-level delegation of South African businessmen has scored a breakthrough in the pro-ganda battle to undercut mounting pressure for United States disinvestment in South Africa.

The breakthrough came at what had been planned as a secret summit of South African, British, American and Swedish business executives under the chairmanship of the former British prime minister, Mr Edward Heath.

The focus of attention at the meeting was the Rev Leon Sullivan, author of the Sullivan code of conduct for American companies operating in South Africa.

The South African delegation was led by the Director of the Urban Foundation, Mr Jan Steyn, and included Mr Tony Bloom, executive chairman of the Premier Group, Mr Basil Hersov, executive chairman of Anglo Vaal, and Mr T R Holmeyer, executive director of Barlow Rand.

Informed sources said the conference had brought South African business leaders to a closer understanding with Mr Sullivan who, in turn, recognized the vital role that South African businessmen were playing in promoting internal reforms.

The meeting was held on Thursday and Friday in Leeds Castle, about 60km from London.

The conference was organized by US multinational interests through Mr Sullivan and Mr Heath, without the blessing of the British or South African governments, and against the advice of the UK-SA Trade Association.

A bland statement released after the conference contained the essence of a remarkable new consensus which will simultaneously intensify business pressure on the SA Government and undercut the growing momentum for outright disinvestment.

**'Encouraged'**

The presence of a three-man Swedish delegation headed by Dr Aake Magnusson, chairman of the Council of Swedish Industries, is considered significant as the Swedish Government has been at the forefront of disinvestment moves.

The formal statement agreed on by the 18 chief executives present, said

participants had "agreed to continue their individual and collective efforts to encourage reform in South Africa".

South African participants in the conference pointed to the significance of a key paragraph: "It is important to reflect that economic growth and productive investments are essential to forces now taking place in South Africa... The participants are encouraged by the progress that has been made."

This, sources said, concealed a protracted discussion on shop-floor developments involving black trade unions and progress towards accepting black urbanization, and the eventual phasing-out of influx control.

## Argued

A paper delivered by Mr Jan Steyn, entitled "The social and legal situation in South Africa and which way the country is heading", and one by Mr Basil Hersov on the role of private business in leading change, formed the focus of discussion.

The South African delegates argued that foreign investors could achieve more by continued involvement in South Africa than they could by opting for disinvestment or outright confrontation with the South African Government.

But there was agreement among them that it was important to keep Mr Sullivan on the side of South African business because of his less "radical" demands that foreign investors should support political change.

## Reluctant

Although there was no discussion on the detail of Mr Sullivan's revised principles — which in their draft form call on signatories to play a direct political role in promoting reform — there was broad agreement that local and foreign business pressure should be intensified.

The British participants in the conference insisted that their adherence to the milder EIRC Code of Conduct for firms operating in South Africa was achieving results. They were clearly reluctant to endorse any strategy which would amount to a direct involvement in South African political affairs.

By JOHN BATTERSBY  
London Bureau

LONDON. — A top level delegation of South African businessmen has scored a breakthrough in the propaganda battle to undercut mounting pressure for United States disinvestment in South Africa.

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Informed sources said the conference had brought South African business leaders to a closer understanding with Mr Sullivan who, in turn, recognised the vital rôle that SA businessmen were playing in promoting internal reforms.

The top-security meeting was held on Thursday and Friday last week behind closed doors in Leeds Castle, set in picturesque countryside about 60km from London.

The conference was organised by US multinational interests through Mr Sullivan and Mr Heath, without the blessing of either the British or South African governments, and against the advice of the UK-SA Trade Association.

A bland statement released after the conference contained the essence of a remarkable new consensus which will simultaneously intensify business pressure on the SA Government and undercut the growing momentum for outright disinvestment.

The presence of a three-man Swedish delegation headed by Dr Aake Magnusson, chairman of the Council of Swedish Industries, is considered of particular significance as the Swedish Government has been at the forefront of disinvestment moves aimed at stepping up international pressure for mandatory economic sanctions against South Africa.

The formal statement agreed by the 18 chief executives present, said participants had agreed to continue their individual and collective efforts to encourage reform in South Africa.

Although the statement said the meeting

had been "one of several such meetings", participants conceded privately that there had been no comparable gathering in the past.

A low-key secret meeting held between a handful of American and British executives and Mr Sullivan in London's exclusive Inn-on-the-Park in 1983, ended without agreement on a reform strategy.

South African participants in the conference pointed to the significance of a key paragraph in the agreed statement: "It is important to reflect that economic growth and productive investments are essential forces now taking place in South Africa... The participants are encouraged by the progress that has been made."

This, sources said, concealed a protracted discussion on shop-floor developments involving black trade unions and progress towards the acceptance of black urbanisation and the eventual phasing out of influx control.

A paper delivered by the Urban Foundation's Jan Steyn — entitled "The Social and Legal Situation in South Africa and which way the country is heading" — and one by Anglo Vaal's Basil Hersov on the role of private business in leading change — formed the focus of discussion.

The South African delegates argued that foreign investors could achieve more by continued involvement in South Africa than they could by opting for disinvestment or outright confrontation with the South African Government.

But there was general agreement among them that it was important to keep Mr Sullivan on the side of South African business because his demands that foreign investors should support political change were not as "radical" as those being demanded by Senator Edward Kennedy and other influential figures.

They argued that while it was up to US business to counter the disinvestment lobby in the US, South African business had a responsibility to see that apartheid was dismantled so that there would no longer be grounds for a disinvestment lobby.

Although there was no discussion on the details of Mr Sullivan's raised principles — which in their draft form call on signatories to play a direct political role in promoting reform — there was broad agreement that local and foreign business pressure should be intensified.

British executives who attended the conference were more sceptical of what they saw as Mr Sullivan's attempts to impose his principles on them.



MR JAN STEYN  
Urban Foundation



MR BASIL HERSOV  
Anglo Vaal



MR TONY BLOOM  
Premier Group

# SA firms score breakthrough on US codes

RAND DAILY MAIL, Monday, March 11, 1985

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# Optimistic US firm boosts stocks in PE

By CATHY SCHNELL

ONE American company is out to reverse the disinvestment process and improve its marketing base in South Africa, particularly Port Elizabeth.

Miller Electric believes the recession will lift at the end of the year and wants to be ready for the upturn.

So through Afrox, its distributor, it is boosting stocks — and Port Elizabeth is being given special consideration.

Mr Peter Holder, sales manager of Afrox, said today he was optimistic about the state of the motor industry in PE, and said: "Things just can't get worse. The industry must pick up soon."

In an interview with the Evening Post today, Mr Edward Montesinos, sales and marketing vice president of Miller Electric, said his company was out to do as much business as possible in South Africa.

South Africa was one of the four biggest importers of the Miller Electric products in the world.

He made light of the anti-apartheid Bill pushed by Senator Edward Kennedy to put pressure on American companies to withdraw business from South Africa.

"No thinking businessman would support this," he said.

He was not alone in this belief. Most of the businessmen in America he had spoken to realised to withdraw business from South Africa would be very detrimental to their business.

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E. Post

8/3/85



# SA spent R300 000 for failed

## lobbying *Sun. Times* campaign

30/1/83  
By RICHARD WALKER  
New York

THE South African Government spent more than R300 000 trying unsuccessfully to prevent the passage of a Massachusetts law penalising companies that do business with the Republic, newly released records reveal.

Now state officials want to find out how the money was spent.

Jubilant anti-apartheid activists hailed the disclosure as proof of the potency of their disinvestment campaign.

They see it boomeranging on South African efforts to counter similar Bills pending in 10 other states.

All that is known so far is that the operation was conducted by a professional lawyer-lobbyist working closely with Ambassador Brand Fourie in Washington.

### Costly failure

It ended in abject failure with only seven out of 164 legislators siding with Pretoria.

It was the costliest lobbying effort of any kind in Massachusetts last year.

It ended on January 4 when the state legislature overwhelmingly defeated an attempt by Governor Edward King to veto the Bill which prohibits state employee pension funds from being invested in companies and banks doing business with the South African Government.

The State Senate rejected the veto by a vote of 23-5 and the lower house over-rode it by 134-2.

It was the first King veto ever to be thrown out and the state now has three years to sell off R120-million worth of shares and bonds in 32 companies, including many of America's largest.

### Lobby agents

Documents on file in the Massachusetts Secretary of State's office identified Mr Stephen Riley as the South African Government's lobbying agent, but they gave no clue how the money was spent.

Mr Riley works for Smathers, Symington and Herlong, a Washington law firm retained by Pretoria.

Ambassador Fourie declined comment, except to confirm through information counsellor Pieter Swane-pool that the firm "does some legal work for us".

"Here we have the Government of South Africa spending R300 000 and nobody knows on whom that money was spent or how it was applied to try to influence this state's government," said Mr Michael Connolly, the Massachusetts Secretary of State.

A total of R300-million in investments has been affected by the passage of Bills over the past year, according to Mr Dumisane Kumalo, projects director of the American Committee on Africa and a coordinator of the disinvestment effort.

He claimed that Chrysler's decision to sell off its South African investments was in part influenced by the campaign.

RAM 26/3/85

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# Economic time bomb of US disinvestment

THE South African Government is facing a nervous few months as the political and economic time bomb of disinvestment ticks away in Washington.

But last week's shootings in Uitenhage, which, according to official figures, left at least 19 dead, could have been the death blow to moves to stave off disinvestment legislation.

It is now a realistic prospect that within months the United States legislature will ban new investment and legally enforce a barrage of damaging economic sanctions against South Africa.

A number of Bills, varying in intensity, are now before the United States Congress, and whatever results from the complex United States legislative process could be the start of much more severe and widespread economic sanctions against South Africa by the Western nations.

The Proxmire Bill — named after its author Senator William Proxmire — provides, among other things, for a ban on new United States investment in South Africa, a ban on the importation of Krugerrands to the United States, the prohibition on American banks from making loans to South African enterprises and the legal enforcement of fair employment practices by United States subsidiaries in South Africa.

The "Anti-Apartheid Act" of 1985 — sponsored by Senator Edward Kennedy and Congressman William Grey — provides for a similar array of selective sanctions, with the requirement that these provisions could be waived if the country com-

PHILLIP VAN NIEKERK

... concludes his report

mits itself to genuine reform.

To become law, the proposed legislation will have to be passed by both Houses of Congress — the House of Representatives and the Senate — and, after last Thursday, it is more than likely that this could happen.

The only force which could then prevent the Bill from becoming law was if President Ronald Reagan decided that it interfered with United States foreign policy and used his veto.

Even while the federal legislature debates the issue, state and even city administrations have been divesting the pension fund and other investment money under their control from companies with investments in South Africa.

Some 20 United States states have had disinvestment legislation introduced, while 11 major cities have passed this legislation.

And while the whole matter is undecided, the "hassle factor" of investing in South Africa is playing no small role in dissuading companies from investing in this country.

Even in the unlikely event that current legislation will be thwarted, pressure for disinvestment in

the United States will continue.

While American visitors to this country often point out that South Africa has a low priority rating in American politics, there has indeed been a surge of interest in recent months.

Testimony to this interest, particularly within the Democratic Party, have been the demonstrations at the South African Embassy in Washington and the visit to South Africa by Senator Edward Kennedy.

In broader terms, there are several schools of thought on disinvestment in American politics though — according to the United States Ambassador to South Africa, Mr Herman Nickel — there is an American consensus as far as racism is concerned.

Mr Michael Spicer has divided the advocates of disinvestment into three groupings.

● The "moral" lobby who are so disgusted with South Africa that they want simply to pull out.

● The disinvestment hardliners who believe the only way to pressure South Africa into change is to impose total sanctions.

● The "wets" who believe in selective disinvestment as a tactic, a carrot tempting South Africa into change.

Opposing disinvestment are the advocates of "constructive engagement",

President Reagan's foreign policy in South Africa.

This position is summarised by Mr Nickel's view, expressed on TV recently: "You won't get very far with the South African Government if you treat it as an enemy. You have to be on speaking terms to get something done".

The American business lobby in South Africa on the whole supports this view, holding that American firms in South Africa can only have a positive effect.

Mr Nickel believes that as long as there are signs that the South African Government is moving away from apartheid, then "we still hold the moral high ground", a statement which has been undermined by the Uitenhage shootings.

He said: "Our policy is based on the necessity of peaceful change, which we see as much more difficult to achieve against the background of economic depression than against the background of economic growth".

But to what extent does America want to bail the South African Government out, in the interests of preserving capitalism here from a possible socialist take-over, and to what extent is it wary of burning its fingers by supporting a threatened regime?

When Mr Nickel was asked how good a friend his country had been to South Africa, he replied by paraphrasing President P W Botha: "What matters most in relations between nations

is not friendship, but interest".

It was a cynical reminder not to confuse the two concepts when assessing the possibility of the West — and the United States in particular — imposing economic sanctions against South Africa.

White South Africans can no longer automatically assume that because of the Cape sea route and its strategic mineral riches that it will always be in the West's interests to protect the status quo in South Africa.

As Mr Nickel observed, those interests are not playable like cards in poker.

United States long-term thinking must surely include the question of whether the maintenance of apartheid will not hasten revolution, whether reform is not the best way of preempting revolution and whether it is not a good idea to get on the right side of the people who will be ruling the country in 20 years.

How they will answer those questions — and whether disinvestment becomes a reality — depends on events inside South Africa, as much as it depends on United States internal politics.

For this reason, last week's shootings in Uitenhage — and the ongoing unrest in the townships — has seriously undermined the millions of rands spent on lobbying in Washington, and the succession of reformist statements which the Government has issued this year.

## Big US bank cancels all business with SA

By RICHARD WALKER  
NEW YORK. — The Bank of Boston is to stop all lending to South Africa — private or otherwise.

It was "not the best place to do business", a spokesman said after the decision. The bank has deposits of around R22 000-million, making it 17th in the league of largest American banks.

It announced a policy of not lending to the South African Government in 1978, being one of the first to do so. The new rule means that it will also refuse loans to private firms and banks in the Republic, again placing it in the vanguard of activism.

In another development, the president of the huge American IBM business

machine corporation, Mr John Askers, said investment in South Africa was the only way to encourage positive change.

"Only a truly international corporate effort can make a difference," said the IBM president, "That way black, Asian and coloured might some day enjoy peace and freedom. It may be an impossible dream. But I'm not ready to give up on it."

Mr Askers stated that IBM had "again re-examined" its policy of doing business in South Africa. "We have concluded that we should remain there," he announced. A lengthy exposition of his arguments was carried in the New York Times newspaper.

# Disinvestment a useful tool

WASHINGTON. — The American disinvestment campaign is an effective tool in focusing attention on South Africa's discriminatory racial policies, several black South African businessmen said in Washington yesterday.

They said, however, that South Africa's blacks would suffer if American companies withdrew from the country.

The businessmen appeared at a luncheon sponsored by the Ethics and Public Policy Centre, a group which recently published a study opposing disinvestment as a means of changing the system of legal segregation.

"The fact of the matter is that this disinvestment campaign is bringing results," said a furniture manufacturer, Mr Habakuk Shikwane.

He added: "I know changes are coming. I have seen them coming. But if you stop, then they (the white government) stop."

The businessmen are visiting the US at a time when Congress is considering legislation that would impose punitive sanctions against the South African Government.

At least five American states and 20 cities have adopted measures to divest themselves of companies doing business in South Africa.

Lawmakers are considering Bills that would bar new US investment in South Africa and end the sale of Kurgerrands, among other things.

Opponents, including the Reagan administration and Ethics Centre president, Mr Ernest Lefever, maintain disinvestment would do little to bring about reforms in South Africa's racial system.

The centre is a conservative research organisation dealing with human rights issues.

One businessmen, Mr Mahomed Kajee, said he feared full-scale disinvestment

could create widespread unemployment, resulting in violence and "possibly a bloodbath."

The schisms among blacks were noted by Mr Peter Davidson, a hotel executive from Durban. "There is no unanimity in South Africa on this issue," he said.

Carried to its furthest extension, Mr Davidson said disinvestment could ultimately lead to a blockade of South Africa, a move that would hurt everyone.

Yet Mr Willie Ramoshada, a black banker, said he knew of no alternatives to the disinvestment campaign as a means of putting pressure on the whites.

"Blacks would openly say disinvestment... is the only tool available in 1985," he said.

Mr Ramoshada also said the blacks' top priority was education, including integrated schools.

South African firms contributed money to pay for the businessmen's trip. — Sapa-AP.

# Apartheid dying, PFP MP tells US financiers

Argus Foreign Service

NEW YORK. — Progressive Federal Party MP Horace van Rensburg startled a group of conservative Wall Street bankers with a declaration that "apartheid is terminally ill and will soon pass from the scene".

He told them the PFP totally opposed apartheid, regarded it as unjust and indefensible and was working vigorously for its end.

Several of those present, said they were surprised but also impressed at the vigour with which Mr van Rensburg attacked "the heart" of the Government's racial policies.

Mr van Rensburg, speaking at a lunch at Manhattan's World Trade Centre given by the South African Consul-General in New York, Mr Abe Hop-

penstein, nonetheless praised the Government for its "good faith and courage" in trying to bring about reform.

"It has to be realised," he said, "that every step in this direction taken by President P W Botha threatens his Government from the die-hards on his right.

"But the tragedy is that at a time when liberal reform measures are being undertaken, often far ahead of those demanded by South Africa's critics, many countries abroad are turning the screws — demanding changes that are already in effect."

One example was the disinvestment movement in the United States.

"There is a large irony in the fact that for 35 years the South

African Government has steadfastly refused to change and now that it is starting to do just that, a disinvestment campaign has been launched in the United States that can only hurt black workers in South Africa and set back the substantial and real movement towards political and social reform in the country."

Mr Hoppenstein introduced Mr van Rensburg as a "violent opponent of apartheid".

Mr van Rensburg responded with a smile: "No, not violent. I prefer the description 'implacable' opponent of apartheid."

The audience, an influential segment of Wall Street bankers and investment brokers, listened attentively.

ARGUS 27/3/85 62

LRM 2/3/85 (62)

## We stay on — Burroughs

By ANDREW DUNCAN

BURROUGHS has affirmed its intention to remain in South Africa, despite the current disinvestment campaign.

The chief executive officer of Burroughs worldwide, Mr Mike Blumenthal, says the corporation has been doing business in South Africa since 1930 and is one of a group of 120 American companies endorsing the Sullivan Principles.

The company is committed to fostering positive change by contributing materially, persuasively and by example to the efforts for change.

"We believe our presence in South Africa, in addition to providing employment and career

development for highly skilled and competent men and women from all race groups, is a source of positive influence and example.

"Burroughs is firmly opposed to the policy of apartheid and is convinced that the contributions of the Sullivan signatory companies are advancing social justice and racial reform in South Africa.

"For that reason, we do not support legislation which penalises companies with SA business interests."

Mr Blumenthal says Burroughs has continued to play an active role in the Sullivan signatory group.

"Our own record for hiring blacks is evidence of the success of our subsidiary's equal-opportunity programmes. More than

15% of that work-force is black.

"Approximately half of these employees are in positions with direct customer contact and 10% are in supervisory or management roles."

Mr Blumenthal says Burroughs has adhered to the regulations of the Office of Export Administration of the US Department of Commerce.

"We do not export, nor does our South African affiliate sell, either directly or indirectly, to police or military entities in either the Republic of South Africa or Namibia."

It is Burroughs' belief that long-term solutions to the complex problems faced by SA's multi-racial society must be based on the improvement of educational opportunities for blacks.

# Harvard supports investment, for now

The image of Harvard University that normally absorbs outsiders is its reputation for academic excellence. What has now been superimposed is the university's standing as a financial giant.

The combination of intellectual influence and financial muscle in a single package has the potential of wielding awesome clout in the current controversy about pressures inside the United States to withdraw investments in South Africa.

Harvard has not only generated no fewer than six US presidents and 27 Nobel Prize winners, it has also accumulated a treasure chest of \$5,000 million in endowments.

A world-wide spread of investments includes a portfolio of about \$800 million worth of shares in American companies with close links with South Africa — and both the pro and anti-divestment lobbies have eyes glued on which way the university will go in the debate.

Neither side minimises the influence it could carry in political and public opinion.

So far, Harvard has resisted the policy of divestment. Such pressure is emanating, not only from minority students and radicals, but also from concerned church groups and knowledgeable academics and alumni.

Precedent has already been set in Massachusetts, where the decision was taken to divest from any US company that had any interest in South Africa.

Public pension funds in Massachusetts have three years in which to comply. State and municipal legislation already passed in the United States will force the withdrawal

South African businessman Robert Conway returned recently from Harvard University, where, for three years, he was an associate of the Harvard Centre for International Affairs. He comments on this famous US university's attitude toward divestment in South Africa.

*(Handwritten note: Skon 28/3/75)*

of some \$600 million in public funds from companies in business in South Africa.

Furthermore, Massachusetts is being used as a model for similar legislation now pending in more than 25 other states and cities.

"So what", South Africans say. Even if divestment leads to general disinvestment from South Africa, other countries of the world will take up the slack. Interfering Americans, armchair liberals, what do they know about our policies anyhow?

"Our situation is unique, and if the rest of the world doesn't understand us, we will just have to go it alone."

There are cogent reasons, however, not to adopt this analysis and reasoning, and some serious shocks may be in store for South Africans if this attitude becomes fashionable.

I believe some valuable lessons can be learnt from the Harvard experience.

A few years ago, Derek Bok, president of the university, wrote an open letter to the Harvard community on the university's ethical responsibility regarding divestment. The decision reached then and still operative today is as follows.

Harvard would only support divestment on the following grounds: (a) When the nature of a company's operation in South Africa was such that its presence promised to

schools and other institutions throughout the US and the world. When America sneezes, the rest of the world catches cold.

When Harvard coughs the rest of America takes note.

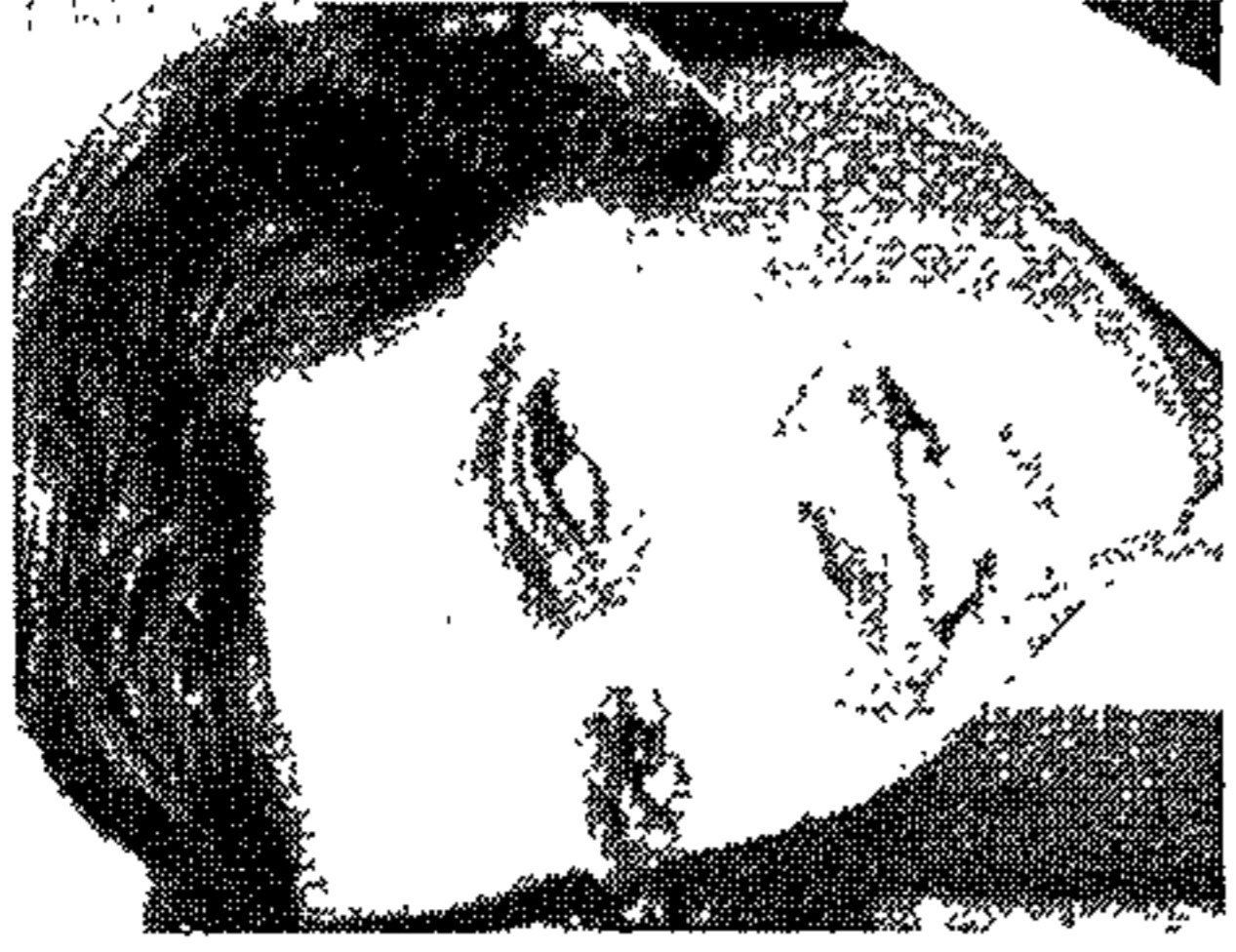
The issue of divestment is thus vital to South Africans — and not something that should be glibly ignored or under-estimated.

Why is Harvard against complete divestment? Not because it believes in apartheid or the present system in South Africa, but because it believes by being involved in the country it can help the forces of progressive and social change.

Should we, as South Africans, not encourage this? Should we not be helping Harvard to assist us in finding a more just and acceptable solution to our problems?

South Africa is already regarded as a pariah state in the international community. We should not want to be further isolated. How do we prevent this from happening?

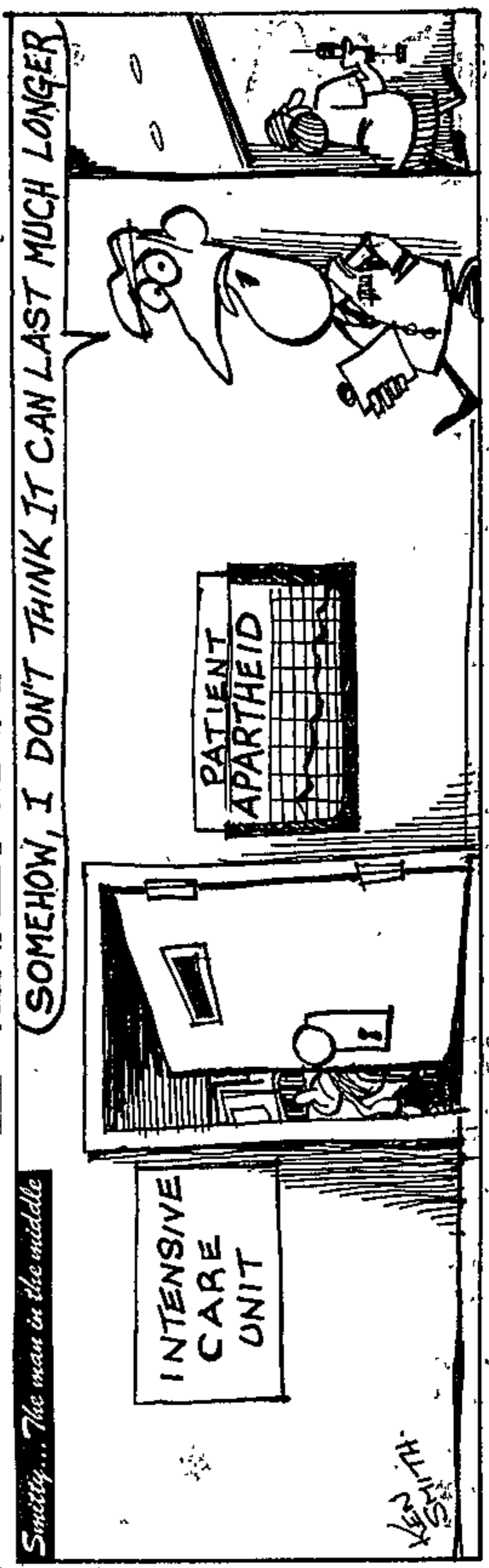
Quite clearly, by embarking on a process of real and substantive reform that is going to lead to a more just and humane society for all our people.



Robert Conway... "When Harvard coughs, America takes note."

policy. A huge campaign has been mounted to force Harvard to adopt a policy of complete divestment.

At stake is not only the \$800 million that Harvard has invested in US companies that have an interest in South Africa, but also the snowball effect this would have on campuses,



RJM 28/3/85 (62)

# IBM is staying in SA

NEW YORK. — IBM, the giant American corporation, has re-examined its business interests in South Africa and will maintain its investments in the country.

Mr John F Akers, IBM's president and chief executive officer, in an article published on the opinion page of the New York Times yesterday says: "Corporations have a choice. We can view South Africa as a tragedy, wash our hands of it and wait for the explosion that may or may not come, regardless of what we do.

"Or we can do business in a way that provides a model for a society in which black, white, Asian and coloured might someday enjoy peace and freedom.

"It may be an impossible dream. But I'm not ready to give it up."

IBM, in common with most other major American corporations that have interests in South Africa, has been under intense pressure from the disinvestment lobby in the US to withdraw from the country.

Mr Akers's article is a response to that pressure.

He says IBM could depart from South Africa with very little financial sacrifice.

"IBM South Africa generates less than 1% of IBM's worldwide revenues," Mr Akers says.

But we believe the right thing to do is to remain and to redouble our efforts to advance social equality.

"IBM urges other companies to

do the same — many already are. "Pressure on apartheid will be increased by more corporate investment, not less.

"All companies doing business in South Africa should honour the principles set forth by the Rev Leon H Sullivan of Philadelphia, calling for business activity to work for change in South Africa. Only a truly international corporate effort can make a difference."

Mr Akers says IBM practices non-discrimination, gives equal pay for equal work, continues to increase its employment of blacks, complies fully with US export regulations and does not sell its products to the police, prisons, military, National Security Agency or the department that administers the passport system for blacks.

He takes issue with those who, he says, believe there should be a symbolic stand against racism by complete withdrawal from South Africa.

"I believe people who hold this view tend to overestimate the economic and political impact such action would have on the government.

"Business people are not social reformers in disguise — but economic activity does have profound social effects, direct and indirect, that enhance the climate for change."

Mr Akers says it is no accident that pressure against apartheid in South Africa's white community often comes from the white business sector. — Sapa-AP.

● See Page 10



IBM <sup>62</sup>  
E. P. of  
28/3/85  
decides  
to stay  
in SA

NEW YORK — IBM (International Business Machines), the giant American corporation, has re-examined its business interests in South Africa and "we have concluded we should remain there," it was disclosed yesterday.

Mr John F Akers, IBM's president and chief executive officer, in an article in the New York Times, says: "Corporations have a choice. We can view South Africa as a tragedy, wash our hands of it and wait for the explosion.

"Or we can do business in a way that provides a model for a society in which black, white, Asian and coloured might someday enjoy peace and freedom.

Mr Akers says IBM gives equal pay for equal work, continues to increase its employment of blacks, complies fully with United States export regulations and does not sell its products to the police, prisons, military or the department that administers the passbook system for blacks. — Sapa

Sunder 7/4/87 (62)

# Union men lash Sullivan Code

**THE Sullivan Code of Employment is over-rated, say two top unionists.**

The code, which lays down standards for United States corporations operating in South Africa, is probably the most highly publicised tenet of foreign investment in the country.

Hardly a month goes by without the media headlining it. This month its author, the Rev Leon Sullivan of General Motors, gave the opening address to the Leeds Castle conference of all the major multinationals operating in South Africa.

The code is a weapon in the disinvestment campaign. Mr Sullivan has appeared before US Congress to urge disinvestment by those companies that do not comply with his principles.

The code has made, he claims, almost unbelievable progress in advancing the well-being of the black people of South Africa.

The 140 US companies that subscribe to the code point to the R190 million they have invested in the training, education, health care,

and housing of their South African workers. They also point to their desegregated eating facilities and their policy of equal pay for equal work.

But people on the ground, people who watch the interface between labour and capital in South Africa, have a different view of the code's worth.

## Vague

Bernie Fanaroff, national organiser of the Metal and Allied Workers Union (Mawu), and Alex Irwin, national education secretary of the Federation of SA Trade Unions (Fosatu), said the code never went far enough and though it had a certain relevance when introduced in 1977, it had now been superseded by union-bargaining.

They both said the less-publicised EEC code of employment practices was more influential at the time.

"The Sullivan Code was vague on wage levels at first and didn't deal with union recognition," said Mr Irwin. "The EEC code was relatively explicit in

dealing with those matters."

The South African attempt to set standards for local companies, the Urban Foundation-Saccola Code, was useless.

"It was toothless," said Irwin. "We have never heard of anyone trying to apply it."

But none of the codes had made the sort of reverberations that Mr Sullivan claimed.

"The EEC code had a certain amount of moral force, but not so much as to make a difference," said Mr Fanaroff. "Those who claim otherwise fail to explain why South African companies — which were not answerable to Sullivan or the EEC — progressed at the same rate as foreign corporations."

A combination of pressure from South African unions, from brotherly overseas unions and a general recognition that companies were going to have to deal with unions and they might as well do it now, was making foreign and local firms improve their conditions, said Mr Fanaroff.

Saebela 1/4/85

# NEW US WAGE DEMAND

62  
[scribble]  
[scribble]

**THE Sullivan Code now categorically demands that signatories pay wages of at least the minimum living level plus 50 percent, according to the code's Co-ordinator for SA, Mr Lionel Grewan.**

Mr Grewan, who works for Citibank in Johannesburg practices for US companies in SA was one of three introduced in 1977. The EEC produced a code for European companies, and the Urban Foundation (UF) and the South African Employers' Consultative Committee on Labour Affairs (Saeccola) issued a code for local companies.

From what the unionists and the codes' spokesmen said, it appears that:

- The EEC Code is the most influential.
- The Sullivan Code is the only one to maintain an independent monitoring system and is

now taking the lead in lobbying the SA Government.

- The UF-Saeccola Code is the least influential, partly because international pressures which can be marshalled against foreign firms defying the codes do not exist for local companies.

- Where strong unions exist, union-management bargaining makes the codes redundant.

### Code

Replying to the charge that the UF-Saeccola Code was "toothless", Dr Robin Lee, managing director of the UF, said the code was designed to make companies aware of their responsibilities to employees and society.

The UF was not going to toughen the code because it realised that "collective bargaining had come to stay".

But in its defence Professor Blackie Swart of Unisa found in 1980 a high awareness of the UF-Saeccola Code among South African

companies and that it had an impact on policies.

Lionel Grewan said that although the EEC Code recommended a minimum wage level of the minimum living level plus 50 percent, the EEC Code had no mechanism for checking that firms were complying. The 140 Sullivan-signatory companies were monitored by Arthur D Little Inc of Massachusetts.

Mr Tony Gooch, the British Embassy's labour attache, pointed out that a major difference between the American and EEC codes was that Sullivan was a tightly-organised affair whose terms could be revised every year.

The European companies, however, were not "signatories", had no "co-ordinator", submitted reports to their various national governments, and their code could only be revised by joint decision of the EEC Council of Ministers.

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 SUNDAY  
**MIRROR**  
 The paper you can trust

# Cape deaths give Kennedy fuel for block in Senate

## Argus Foreign Service

WASHINGTON. — A major piece of legislation has been stalled in the US Senate by a dispute over a demand by Senator Ted Kennedy for a State Department inquiry into the shooting of the Eastern Cape demonstrators.

The dispute is claimed by some sources to reflect the strong anti-South African feeling aroused even among Republicans by recent events in the Republic.

The Senator's demand has blocked action on an extension of the Export Administration Act, which has to be renewed annually to authorise the Government's control of United States exports and a wide range of related activities.

## 75 days

The Republican leadership in the Senate wants to extend the Act for 75 days to keep the Act's powers in force.

But Senator Kennedy has been able to block the renewal under a rule providing for unanimous consent to certain Senate actions.

He is refusing to give his consent until he receives a guarantee that the Senate will be allowed to vote on a resolution he introduced last week, calling for an independent State Department investigation into the Eastern Cape deaths.

## Setback

Democrats claim the Republican leadership in the Senate wants to keep the resolution from coming to a vote because of indications that it would get reduced support.

This would be seen as a setback to the Reagan administration's policy of constructive engagement with South Africa.

According to Senate sources, consultations have been going on to resolve the dispute ever since Senator Kennedy precipitated it last Thursday.

The Senator's resolution, co-sponsored by Republican Senator Lowell Weicker, asks the Secretary of State to report the results of his investigation by April 30.



Senator Edward Kennedy

Among aspects the State Department would be asked specifically to examine would be the number of deaths in the rioting.

Introducing the resolution last Tuesday, Senator Kennedy pointed to discrepancies in initial accounts of the shootings given by Government officials, journalists and other independent sources.

## Dialogue

The State Department has refused comment on the Kennedy-Weicker resolution.

However, State Department spokesmen have deplored the violence and repeated the Reagan administration's calls for dialogue between the Government and black leaders.

Referring to the ban on meetings by the UDF and other organisations, a State Department spokesman said: "We continue to believe that measures aimed at silencing legitimate and peaceful opposition to apartheid are not conducive to finding a solution to the country's major problem."

These measures, the spokesman said, did not appear to be consistent with President P W Botha's offer on January 25 to establish dialogue with black leaders.

## Business Day/DISINVESTMENT

# NPI warns on unemployment

24/85  
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ROM

THE National Productivity Institute (NPI), in a statement to be distributed overseas, says that even without overseas disinvestment in South Africa, unemployment in the country could reach 2.4-million by 1987.

Disinvestment by US companies would "exacerbate South Africa's productivity and employment problems, and create more poverty in the long run.

"This would affect many more people than the estimated 700 000 who are economically dependent on US companies."

Dealing with the unemployment situation, it says that even with annual economic growth rates of 3.6%, indications are that it will reach 2.4-million.

It says American investment in South Africa was distributed over most major economic sectors and tended to be in technologically advanced industries such as petrochemicals and transport equipment, which were key growth areas in this country's economy.

"Disinvestment would have the im-

mediate effect of creating unused capacity in US-owned corporations, resulting in capital productivity decline.

"The investment vacuum could certainly be filled by local or non-US operators, but withdrawal of US management skills, know-how and multinational negotiating strength would result in rapid and general productivity losses and thus economic decline, especially since managerial skills and know-how are in critically short supply in South Africa," the NPI states.

The presence of US corporations had raised skill levels across a broad section, bringing competency, human development and, with it, economic growth.

"This process has conferred most benefits on the black people of this country and they would undoubtedly suffer most from US disinvestment," the NPI says.

It would also "cause productivity to decline, with all its economic consequences, and this may trigger disinvestment by other foreign investors."—Sapa.

CDM  
2/24/85  
Another US bank  
stops loans to SA

Washington Bureau (62)

WASHINGTON. — The North Carolina National Bank Corporation, for 10 years one of the most aggressive US lenders to South Africa, has decided join the growing wave of American banks refusing to extend further loans to the South African public sector.

The decision, reached at a board meeting in February and publicly confirmed by a company spokesman yesterday, represents a major policy reversal.

The bank had a higher proportion of its assets — 1.7% — invested in South Africa.

Sawyer 2/4/85

## Big demos organised for major US cities, 'varsities

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NEW YORK — The US anti-apartheid movement has organized two weeks of nationwide protest demonstrations against US investment in South Africa in 11 major cities and on the campuses of all the major universities, starting on April 4, the day commemorating the assassination of the black civil rights leader, Martin Luther King.

Organizers say the protests, the first to be organized on a national scale, will call for the disinvestment of university funds in South African-related companies at such Ivy League universities as Harvard, Stanford, Yale, Columbia, Notre Dame, Princeton and Amherst and at scores of state universities in California, Colorado, New York, Indiana, Michigan, Missouri and Georgia.

At the same time, protests will be held in several cities, including New York, Philadelphia, Chicago, Detroit, Washington and Seattle.

## Protests

In New York, marchers will rally outside the headquarters of Mobil Oil and then converge on the South African Consulate — General at the same time as other protests are being held outside the offices of the Fluor Corporation (a builder of energy projects for the South African Government), Citicorp (the largest private lender to South Africa) and Deak Ferrera (biggest US marketer of Krugerrands).

The Rev Jesse Jackson and Congressman Ronald Dellums, who has introduced legislation to ban US investment in South Africa, will be among the featured speakers.

The disinvestment movement in the US claims that through its actions, more than dollars 1,2 billion have been withdrawn from the holdings of companies doing business with South Africa and that new disinvestment legislation is pending in 28 states and many cities across the country.

X Star 2/4/85

# UDF hold protest at bank

62  
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About 40 members of the United Democratic Front (UDF) protested against foreign investment in South Africa at the Johannesburg offices of an American bank today.

Senior UDF officials and bank management held discussions while demonstrators with placards marched around the Citibank offices on the 22nd floor of a city centre building singing protest songs.

Mr Ron Payne, a senior manager, said the discussions would not affect the bank's policies.

Just because a guy comes in here brandishing an AK rifle, does not mean we will change our corporate policy," Mr Payne said.

None of the demonstrators were armed.

Mr Sidney Mufamadi, UDF publicity secretary and head of the delegation, said they had demonstrated the disgust of the black majority at the so-called constructive engagement between the South African Government, the administration of American President Ronald Reagan and multi-national companies.



# Disinvestment would hit 750 000 blacks in engineering

ARGUS 3/4/85

JOHANNESBURG. — The livelihood of about 750 000 black South Africans employed in the engineering industry would be directly affected if the disinvestment policy succeeds, the Federation of Societies of Professional Engineers (FSPE) said.

In a statement, the chairman, Mr Colin Spence, said because such a large proportion of all employees in the engineering industry were black, if the industry diminished as a result of disinvestment, it was considered that about 10-million black South Africans could be seriously and directly affected.

He said about 340 US companies were directly represented in South Africa in the engineering field and 80 percent of their employees were black. The companies generally set a good example of equal job opportunities, non-discriminatory wages and fair employment.

The principles of the Sullivan Code had been implemented in virtually all companies in the engineering industry, Mr Spence said.

He said all but four nations on the African continent maintain economic relations with South Africa and disinvestment would also have a ripple effect throughout the whole continent, further enhancing poverty and hun-

ger in a region already seriously threatened.

"On the contrary, continued and increased foreign investment is required in South Africa in order to uplift the quality of life of our black population in the shortest possible time and to strive towards complete parity in the physical, social and political lives of all our people," Mr Spence said.

The FSPE felt disinvestment would be bound to fail in the long term because, although it would cause serious temporary hardship, it would eventually generate permanent self-reliance. This had been shown to occur whenever economic sanctions had been tried previously.

Mr Spence said the profession doubted the bona fides of many of the protagonists of disinvestment and doubted their understanding of the implications of their policies.

It was also significant that most people in South Africa opposed disinvestment, including most black political, community and trade union leaders.

The FSPE represents 12 institutions of the engineering industry and more than 181000 engineers of all kinds. — Sapa.

# UDF protest halts banking

Own Correspondent

JOHANNESBURG. — A United Democratic Front protest against foreign companies' "support" for apartheid yesterday brought the Johannesburg offices of Citibank to a standstill for about an hour.

About 40 supporters of the UDF and its affiliates marched into the offices of Citibank on the 22nd floor of the Anglo American Life Building in Commissioner Street, early yesterday.

Startled Citibank officials met with the leaders of the protest and the two groups held an hour-long discussion about the role of Citibank in South Africa.

Mr Sydney Mufamadi, the UDF's Transvaal publicity secretary, told the Citibank representatives that anyone associated with "the apartheid regime" was an accomplice in its "crimes".

He said: "We have come to protest against your indifference to the people of this country. Because you have kept quiet about what is happening, you are not neutral.

"As long as you are indifferent to the problems of our people, then you will be identified with the enemies of the people. We expect you to respond to the killing of our people (in Uitenhage) in a tangible way," he said.

Mrs Emma Mashinini, of the Commercial, Catering and Allied Workers' Union, asked the Citibank officials to distance themselves from the "scandalous" reaction of United States President Ronald Reagan to the Uitenhage shootings.

Citibank personnel director Mr Neil Munro declined to do this.

He asked the group to make positive suggestions about what Citibank could do.

He also declined to tell them what Citibank were already doing about the situation in South Africa, saying it was policy to do these things quietly and discreetly.

The UDF officials later left the building without incident.

# UDF points a finger at US bank

Senior managers of an American bank and United Democratic Front officials yesterday engaged in an often heated debate about the role of foreign companies in South Africa.

The debate came after 40 chanting and placard-carrying UDF members demonstrated at the Citibank offices on the 22nd floor of a central Johannesburg building.

In a statement the front condemned President Reagan for condoning the Uitenhage massacre.

The statement protested at:

● The collaboration of America with apartheid under the guise of con-

By Stuart Flitton

structive engagement.

● The financial backbone that foreign companies provided for the apartheid machinery in South Africa.

● The silence of foreign companies each time the apartheid state violated the rights and humanity of people. This included periodic massacres.

● Pretensions of concern for the people by foreign companies and their puppets who claimed that foreign investment benefited the oppressed people of South Africa.

Five United Democratic Front members and trade unionists held talks in an office with three se-

nior bank officials while the rest of the demonstrators sang and chanted in a hallway outside.

Mr Neil Munro, Citibank's personnel officer, told the delegation that the bank made regular representations to prominent people and conveyed its likes and dislikes concerning South African politics.

"We have not gone public about what we do outside the business sector," he said, "but I am prepared to speak to you individually in confidence."

"The bank finds apartheid morally unacceptable and deplores its continuation in South Africa.

"We remain committed

to peaceful social reforms and this can best be accomplished by the bank's continued presence in this country."

Mr Sidney Mufamadi, a United Democratic Front publicity secretary, said the bank did not care about the majority of South Africans who were not prominent people.

"You must come out openly and tell us what you intend to do," Mr Mufamadi added.

He accused the bank delegation of being apathetic about matters concerning the black majority and criticised them for not having made a statement about the shooting of 19 people in Uitenhage.

After the debate Mr Munro said the United Democratic Front officials took emotive stances which clouded the issues.

"They don't appreciate the roles of foreign companies in this country," he said.

Mr Mufamadi said his delegation had indicated the disgust of the black majority at the so-called constructive engagement.

"The management's emphasis on the bank's so-called quiet way of influencing political change in South Africa was typical of people who benefit from the super-exploitation of the black majority," Mr Mufamadi said.

# Sanctions wrong policy — Economist

w/ ARGUS 6/4/85

**Financial Editor**

TRADE sanctions and investment boycotts by the United States were unlikely to shock the South African economy, Mr Simon Jenkins, political editor of the influential publication, *The Economist*, says in a special survey.

Instead of leading to conditions requiring political adjustment they could produce counter-measures that in the short-term would probably boost the economy.

Nationalist policy-makers believe sanctions could be used to promote self-reliance, develop home-grown skills and diversify South Africa's markets.

"Sanctions and disinvestment would not, as their wilder advocates suppose, deliver a body-blow to the South Africa economy; they might even help its restructuring — as happened in Rhodesia."

## Invulnerable

He says that trade sanctions must be serious to a nation which exports 30 percent of its gross national product. Yet most of South Africa's exports are of minerals (half is of gold) and these are regarded as relatively invulnerable to sanctions.

"It is unlikely that Japan or Israel would refuse to import minerals, including some of the world's cheapest coal".

"The most serious economic sanction America can exert on South Africa is similar to that exerted over most of the world economy. With the rise in the dollar has gone a fall in the gold price from \$850 an ounce three years ago to about \$320 an ounce today."

Imports, particularly of capital goods, theoretically could be hit by effective sanctions. Yet sanctions were notoriously inefficient in stopping goods reaching those prepared to pay for them.

## Eager to pounce

"West German and Japanese suppliers are eagerly waiting to pounce in these markets, either as importers or licensees should America abandon them.

It was not feasible that American trade sanctions would undermine South Africa's balance of payments, let alone shock its economy.

Nor would disinvestment have any greater impact. The recession has already led to a fall in foreign investment's share of South Africa's new fixed capital formation, from 10 percent in 1982 to 3,8 percent in 1984.

An American disinvestment law could lead to South Africa imposing retaliatory controls on the export of American dividends, he says.

## Ironic effect

"This would have the ironic effect of pushing up retained corporate earnings, leaving companies with more resources to reinvest and thus giving the South African balance of payments a boost.

West Germany did not consider "negative economic measures" a useful contribution to peaceful change in South Africa, he said. Business could create the economic growth that was crucial to the solution of social problems.

He reported that West German exports to South Africa increased by a third in 1984 to R3,9-billion.

"Disinvestment would be like once-for-all Marshall Aid".

Mr Jenkins questions the rationale behind the calls for sanctions against South Africa.

"Deliberate action by one (rich) state to depress living standards in another (largely poor) one is scarcely defensible.

"It could be justified only in extreme circumstances for a specific goal not achievable by any other means short of war.

"The onus must surely be on the aggressor not only to prove the case for aggression but also to set out the steps by which aggression will achieve swift victory.

## Vague terms

"The American disinvestment lobby has fulfilled these requirements in only the vaguest terms."

Mr Jenkins suggests Americans should undertake "reconstructive engagement" on the unofficial and personal level, reflected in contact, in commerce, in intellectual and cultural exchange.

"It is the engagement of constant argument. Boycott and ostracism work no better in international affairs than they do in personal relations".

● The West German Ambassador, Mr Carl Lahusen, disassociated his country from calls for trade sanctions against South Africa when he opened the German exhibition at the 1985 Rand Show on Thursday.

## Hunger striker collapses

NEW YORK—A woman student at New York's Columbia University collapsed and was rushed to hospital yesterday, the 13th day of a hunger strike to protest against investment in South Africa.

The woman, one of seven hunger strikers, was treated and then released from the St Luke's-Roosevelt Hospital.

Six other students have been subsisting on water and fruit juices during the hunger strike. — (Sapa)

62 NM 8/4/85

# US court stops campus demo

*APL Times 9/4/8 62*

NEW YORK. — Columbia University obtained a court order yesterday to bar students from blocking building entrances, but the students vowed to continue their four-day protest against the university's investments in South Africa.

Mr. Joshua Nessen, a student spokesman, said telegrams were sent to the university president, Mr. Michael Sovern, and members of the board of trustees asking for a written policy statement favouring disinvestment of Columbia's South African-related investments and a promise of "uncon-

ditional amnesty" for the demonstrators.

Several hundred students have rallied daily since Thursday in front of Hamilton Hall.

On Sunday night university officials went to court and obtained the order from State Supreme Court Justice Harold Baer which requires "an end at this time to the actions of demonstrators preventing full access of the Columbia community to Hamilton Hall".

The judge set a hearing for Wednesday morning, at which time the students must show cause why a permanent restraining order should not be issued.

In addition, seven students have been on a hunger strike since March 25, protesting against South Africa's apartheid system.

Two of the hunger strikers were taken to Luke's-Roosevelt Hospital on Saturday. — Sapa-  
Reuter

AS DISINVESTMENT, panic mounts in South Africa, truth squads are barreling across the Atlantic to dissuade America from its urge to express outrage importantly.

The merits of this strategy would be debatable even if Pretoria declared a total moratorium on shooting demonstrators.

However, given that many well-meaning South African businessmen are convinced their presence over here will somehow cause congressmen and state legislators to relent, they should at least try to be seen in the right kind of company.

Last week, a group of black South Africans was shepherded into town by Mr Gerald Muller, a former managing director of Nedbank, who said he felt he had to do something to stem the disinvestment tide.

### Rabid elements

In the space of two days, and with the help of the South Africa Foundation, which made most of the arrangements, the seven-man band unwittingly managed to associate itself and its cause with the most rabid elements of American Colonel Blimpdom.

They appeared at a news conference arranged by Alabama Senator Jeremiah Denton's National Forum Foundation. Mr Denton inhabits a lightless fringe of the political spectrum somewhere out beyond Senator Jesse Helms, his mentor.

Some in Pretoria — notably those who supplied him with data for his hearings on Swapo a few years back — evidently think otherwise, but it is hard to imagine a senator who commands less mainstream respect.

In terms of publicity, the session was judged newsworthy only for its being disrupted by a black South African student covering it for Howard University's radio station. Miss Terry Mphahlele lost pa-

# These 'good contacts' won't help SA fight off disinvestment

Capl Toms  
9/4/85  
62



tion. South Africa's massive inflation rate, he said, was directly attributable to an increase in black wages without a concomitant increase in productivity.

The latter, he hastened to add, was entirely the whites' fault because they had failed to adequately educate and train blacks, which in turn was why US corporate involvement remained so important.

Few other audiences would like to have let him explain. This one only came to life when he wended rhetorically, "Why is it that only in the countries surrounding us are there East Germans?" The answer was provided by the next witness but one, Dr Artur Vilankulu of the Mozambique National Resistance, who held the panel enthralled for an hour.

### Truth squads

Assuming that the disinvestment debate is (a) a debate and (b) is therefore winnable by force of reason (both extremely dubious assumptions), the reason is going to have to be applied where it can do some good. It is no use whatsoever presenting the case to people whom the South African embassy, and all too often the SA Foundation, regard as "good contacts" or pleasant drinking companions.

That is the first point. The second is that the truth squads are going to have to be credible. You and I know that Messrs Muller, Davidson and the rest are honourable and well intentioned. The people they are trying to reach see a white South African with a series of seemingly obedient blacks in tow all saying things that the Reagan administration, Pretoria and other "vested interests" presumably want them to say.

All of which is increasingly moot. Things are getting so out of hand that even Bishop Desmond Tutu would be discredited if he came over to plead against disinvestment.

And so on for a couple of hours. Finally the South African selected to be the day's spokesman was summoned: Mr Peter John Davidson, Umlazi businessman and member of the Inkatha central committee.

He did his best to persuade his interlocutors that Chief Gatsha Buthelezi was not altogether on their side, and lamented, rather poignantly under the circumstances, that Americans had not bothered to discuss their anti-apartheid strategy with those it was intended to help.

Such a dialogue was clearly not being advanced by this proceeding. The panellists, having given the meeting's token about 15 minutes, ran out of questions and turned to Mr Muller whom they evidently found to be closer to their own wavelenth.

Mr Muller advanced a thesis that almost anywhere else in Washington would have been suicidal, so hard did it beg for misinterpretation.

The South Africans sat looking patiently befuddled as the first witness, retired Admiral William Mott, expatiated on Soviet designs to grab South Africa's minerals and the Reagan administration's stupidity in refusing to let the navy make use of Simon's Town.

The admiral was prepared to concede that apartheid had its faults, but the system was breaking down. "Soweto has some houses in it that I would be proud to live in myself," he mused on the basis of a recent visit as the government's guest.

To demonstrate the erosion of racial barriers, he recalled lunching at a hotel with "this really beautiful girl from the South Africa Foundation. You wouldn't know she was coloured".

Next up was Mr Marion Smoak, formerly Washington lobbyist for the SWA administrator general's office, who argued that Dr Chester Crocker was betraying President Reagan by calling for implementation of UN Resolution 435.

tience with the team's suggestion that South Africa was getting better in every way, and began to shout: "We want change now, we want the vote now... nothing has changed for people who are living and dying in shacks." Game, set and match to the disinvestors.

The next morning's engagement could have been even more damaging. Only one reporter turned up and he was from the Washington Times. An act of mercy that.

Staged in a tiny room in the subterranean bowels of the Russell Senate Office building (not a single senator or congressman attended), the event was billed as a meeting of the Committee to Restore Internal Security.

The panellists resembled nothing so much as a harrumph of retired majors lamenting the decline of the West over several bottles of port at their club. One member, Mr John Singtaub, was in fact a retired general. He now heads the World Anti-communist League.

NM 9/4/85  
(62)

# R1,2 billion fund set up up by IUD manufacturer

THE manufacturer of the Dalkon Shield intrauterine contraceptive has announced in Washington that it has set up a R1,2 billion fund to pay damages claimed by users of the device.

A H Robins Company took the Dalkon Shield off the market in 1974, amid reports of injuries to users, including spontaneous abortions among women who became pregnant in spite of using the device.

Since then the company has faced thousands of lawsuits from women who claimed they were injured by the IUD.

As of last December 31, there were still 3 800 unsettled injury claims. The

company and its insurer previously settled 8 300 claims for about R600 million.

The alleged problem with the Dalkon Shield concerned strings attached to it, which were designed to aid in its removal. Some investigators have said they believe the strings acted as wicks which allowed bacteria to travel to the uterus.

The company said 4 500 000 Dalkon Shields were distributed, including 1 700 000 in 79 countries overseas. A company spokesman said all but a few of the damage suits had been filed on behalf of women in the United States.

According to Dr Peter Massel, senior gynaecologist at Durban's Addington

Hospital, the news of the Dalkon risk is rather 'old hat'.

'The manufacturer had them taken off the local market several years ago, and recommended that any wearers should have them taken out. We have a few at our family planning centre,' he added, 'but only as historical relics!'

Dr Massel said it was unlikely that any South African woman who sees her doctor regularly would still be using the device.

In the unlikely event that any were, he strongly urged them to see their GP or family planning centre at once.



# 100 students protest against South Africa

Sowetan 9/4/85

(62)

**NEW YORK** — About 100 students, including seven hunger-strikers, blocked a Columbia University building for a third day yesterday to protest against the school's investments in firms doing business in South Africa.

The demonstration at the main entrance of the Hamilton Hall administration building would continue until trustees agreed to sell investments in South Africa, said Mr Joshua Nessen, a spokesman for the protesters.

Mr Nessen identified himself as a Columbia graduate and national student co-ordinator of the American Committee on Africa, a group

opposing apartheid.

The seven hunger-strikers had taken only liquids since March 25, said Mr Nessen. They were demanding a meeting with Columbia's president, Mr Michael Sovern, he said.

University spokesman Mr Fred Knobel said the school's investments in South Africa comprised about R60 million of the school's R128 million endowment. He said Columbia's student-faculty senate asked for a freeze on those investments in May, and the trustees agreed to a cap of R1 million, the level at that time.

Columbia's trustee chairman, Mr Samuel

Higgingbottom, said that divesting "has very little impact" because the school held relatively few shares in any one company. He also said there was "an honest issue" of whether US companies in South Africa provided a service by employing blacks.

Mr Nessen argued that any divestiture created political pressure on our firms to leave South Africa, and that the importance of the jobs for blacks was far outweighed by the support the companies lend the apartheid system. — Sapa-AP.

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RDM 10/4/85 (1985) (222) (60)

# Banking on American disinvestment

**A GROWING number of banks and financial institutions, facing mounting pressure from churches and other organisations, are reshaping their lending policies to exclude loans to the South African Government.**

And in a number of cases, the banks are using the occasion of negotiations with churches over stockholder resolutions as a means of making their new policy public.

The result has been that a number of the church-sponsored proxy resolutions have been withdrawn.

"A number of banks have turned the corner on South Africa," said Timothy Smith, executive director of the Interfaith Centre on Corporate Responsibility, the major co-ordinator of

the corporate responsibility movement in the nation's Roman Catholic and Protestant churches.

"It is foolish to say that we caused all the change," Smith said in an interview, "but certainly we were the occasion, we were the messenger."

Among banks and financial institutions recently announcing policy shifts or publicly restating previous positions on South Africa were J P Morgan, Manufacturers Hanover Corporation, Wells Fargo Bank, Cigna, NCNB of North Carolina and Phibro-Salomon, Inc.

In addition, Bank of Boston, which has had a policy of "no new loans to South Africa" since 1978 and has

not been a target of church proxy resolutions — announced on March 25 that it will stop "all remaining lending activity in South Africa."

Citibank has said it will end its loans to the Government, but news reports in South Africa said it was extending its commercial operations in the country and that the decision not to make loans to the Government was based on a current posture of not lending to foreign governments.

The most recent lending institution to announce a change in policy was Morgan Guaranty Trust, which said it would make no new loans to either the Government or to State-owned companies.

For leaders in the corporate responsibility movement, an announcement by Phibro-Salomon, which includes Philip Brothers — one of the largest petroleum trading companies in the world — that it will not sell petroleum products to South Africa, has been a major breakthrough.

That company, in a letter to Harrison J Goldin, controller of New York City,

"We will adhere to this policy until real progress has been made towards the improvement of political, economic and social conditions for blacks and other non-whites in South Africa," the nation's fifth largest bank said in a statement.

Smith estimated that 90% of the top 25 United States lenders now have a policy of refusing to lend to the South African Government.

Phibro-Salomon is strongly opposed to apartheid policies in South Africa which, we believe, are morally repugnant and have led to infringement of basic human and civil rights," the letter to Goldin said.

New York City, with an R17 000-million pension portfolio, has entered the anti-apartheid fray with vigour, sponsoring three resolutions with the churches and 17 resolutions independently.

Manufacturers Hanover Corporation has also restated its policy of having no

intention "to make any such loans in light of the social, economic and political conditions" and that it does not intend to establish any presence in South Africa.

A church-sponsored resolution with the Wells Fargo Bank also has been withdrawn in light of a policy statement by the bank that says the lender has no loans, offices, investments or facilities in South Africa.

"Moreover, our current policy states we are not to make any loans to the Republic of South Africa, or to any businesses based in South Africa. Our policy also states we are not to purchase Government bonds of the Republic of South Africa."

"While the churches can't take credit for all of these changes," Smith said, "the churches' voice has made a major impact on the negotiations." — UPI

By ALIMPHAKI

A LEADING multinational company, IBM, will spend more than R20-million in providing computer programmed education to more than 37 000 primary school-children throughout the country.

The company will provide the "Read and Write" computer system and will work in close liaison with the Department of Education and Training (DET).

The initial cost will be R20-million, with the company providing 250 schools with the computer system, from their South African earnings.

Laboratories will also be opened at 42 schools, with the company pro-

# R20-m grant for computers in schools

Sowetan 11/4/85

62

viding self-contained pre-fabricated buildings to house the laboratories.

In response to the company's initiative to help enhance the educational development of black children, DET has promised to house the remaining laboratories beyond the initial 42 by the company.

Laboratories will also be established at teacher

training centres, where teachers will receive special training on the computer system.

The system teaches the child to associate the computer generated sound with pictures on a displayed screen.

It also reinforces learning and helps teach the child how to write everything he says and to say everything he can write.



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## Hunger striker collapses

NEW YORK—A student identified as Jose de Sousa of Pretoria was rushed to a New York hospital on Sunday night after collapsing during an anti-apartheid hunger strike at Columbia University.

The students are protesting against Columbia's investment in South Africa. — (Sapa)

KDM 11/4/85 (62)

# US lecturers oppose SA

NEW YORK. — Faculty members at Columbia University said on Tuesday they would hold a "teach-in" this week to support a student protest against the university's investments with companies doing business in South Africa.

The teachers, who have formed an ad-hoc group called Columbia Faculty Against Apartheid, said the teach-in would be held this evening — one week after student demonstrators blockaded the front doors to a campus building, Hamilton Hall. About 100 students have been on the front steps of the building around the clock since the protest began.

University officials reported no developments on their side of the dispute on Tuesday and student protest leaders were mostly busy trying to get telegrams of support from political and civil rights leaders.

They have received support so far from

the United Nations Special Committee Against Apartheid and the African National Congress of South Africa, as well as several local black leaders.

Lawyers for the Student Coalition for a Free South Africa are scheduled to appear in court to answer to a court order demanding an end to the blockade.

The students have refused to leave the steps of Hamilton Hall, an administration and classroom building, until the university agrees to a three-year deadline for withdrawing all its investments in corporations doing business in SA.

Abbie Hoffman, a founder of the Youth International Party (Yippies) and the folk singer, Pete Seeger, both prominent figures in the anti-war protests of the 1960s, met the students on Monday.

Hamilton Hall was a site of student anti-war protests in the 1960s. — Sapa-AP.

# World coverage on Uitenhage

Cape Times 11/4/85

Chief Reporter

(12)

AT LEAST three international news magazines — Newsweek, the Economist and Time, with a combined circulation of many millions — have given “splash” cover-feature prominence to the Uitenhage shootings last month under such headlines as “Flames of Anger” and “Repression and Violence in South Africa”.

The latest issue of Time magazine, which would normally have been obtainable in Cape Town last Thursday, reached bookshops only on Tuesday this week. The distributors were unable to explain the delay.

The main feature in this widely-read publication is devoted to the Uitenhage clash, on the 25th anniversary of the Sharpeville shootings, and is illustrated with a number of photographs in colour and monochrome.

One of the pictures in colour, alongside that of “plainclothes men with shotguns in Uitenhage”, shows Dr Allan Boesak and the Rev Abel Hendricks talking to a police officer in a Cape Town street, over the caption “Verbal cross-fire as policemen prepare to arrest Boesak”.

Much of the Time feature on Uitenhage is devoted to the debate in the United States on disinvestment in South Africa and it ends with the statement that: “The government’s violent reaction to protest and the counter-violence that inevitably follows have convinced many South Africans, black and white, that the vicious cycle will continue for some time.”

NM 10/4/85  
**Students end hunger strike**

NEW YORK—Five students protesting at their university's decision to invest in corporations doing business in South Africa have ended a 15-day hunger strike. (62)

The five Columbia University students ended their fast after university president, Mr Michael Sovern, agreed to meet the strikers. — (Sapa-Reuter)

ARGUS 10/4/85

# Petty ~~apartheid~~ 62 'going fast'

Argus Foreign Service

NEW YORK. — The editor of National Review magazine, Mr William Rusher, said on television here that petty apartheid was going faster in South Africa than it had in the United States.

Mr Rusher, a renowned conservative, took part in an ABC Television discussion last night on a big student demonstration taking place at Columbia University, New York.

Several hundred students have occupied part of the campus to protest the Ivy League university's \$30-million (about R60-million) investment in firms with business interests in South Africa.

Mr Rusher, who recently returned from his seventh trip to South Africa, said there had been "enormous change" in South Africa. "The system is getting better" he said.

He quoted Chief Gatsha Buthelezi's statement that disinvestment would harm most the blacks it was designed to help.

## "NATURAL HABITAT"

Mr Rusher said that Bishop Desmond Tutu, who was quoted criticising the effectiveness of American firms in effecting change in South Africa, did not have a constituency among South African blacks.

"His natural habitat is the American media," Mr Rusher said.

Mr Anthony Glover, a student at Columbia who last night came off a form of "hunger strike" to draw attention to the protest, said that in the 25 years during which they had invested in South Africa, American firms had not changed the system — "it has become more oppressive".

He said many American companies supported the apartheid system. Under the existing legislation they could be required to co-operate with the South African Government by providing military strategic needs.



Because United States lending exposure to the South African public sector has long been minimal, the news of American disinvestment moves is not so doom-laden as might at first appear

NM 11/4/85  
62

# SA will still get capital in spite of US moves

THE disinvestment crowd sees victory in the apparent stampede of US banks declaring themselves unwilling to extend further credit to the South African Government. South Africa should be grateful the disinvestment crowd is so easily satisfied.

Superficially, the string of new policy statements emanating from some of this country's largest lenders is rather alarming.

Wells Fargo got things rolling in December last year with a promise of ideological virginity thenceforth. It would not even lend to the South African private sector, much less purchase South African Government bonds.

Citicorp took up the chorus in February when it announced that all its outstanding loans to the South African public sector — some 20 million dollars — would be off its books by the end of March.

First Chicago Corporation, more timidly, asked the Investor Responsibility Research Service to let it be known that its one remaining sin — 419 000 dollars to S A Transport Services — would be liquidated as of March 1.

Manufacturers Hanover protested that it had been innocent since 1976 and did not intend to lapse 'in light of social, economic and political conditions that have prevailed since that time.'

## No further lending

North Carolina National Bank Corporation, which, as a percentage of its assets, reportedly had a larger exposure in the Republic than any other US bank last year, announced that that exposure had diminished dramatically as of early this year and there would be no further lending to the government.

The Bank of Boston, avowedly clean since 1976, but under federal scrutiny for making substantial unreported cash transfers overseas, took the opportunity to reunveil its policy on March 25.

Phibro-Salomon, a major merchant bank and commodity trader, informed Mr Harrison Goldin, the comptroller of New York City and a tireless hound on the trail of the tainted, that 'as a matter of policy' it had underwritten no loans to the South African Government since 1981.

Parenthetically, the company's chairman, Mr John Gotfreund, also reassured Mr Goldin that it would no longer be selling South Africa petroleum products, adding 'It is our present intention to maintain this policy in effect while the existing social system in South Africa continues.'

Sounds serious, doesn't it? It sounds even worse when one considers that bankers do not as a rule like it to be thought that their lending practices may be subject to political activism. On this occasion they are hiding their motives, if at all, behind the very thinnest of veneers.

When pressed to expand on their corporate pieties and earnest hints at risk analysis, most spokesmen forthrightly admit they have been pressured by religious and other interested groups, stockholders, local governments and letters from Mr Goldin. They concede, in short, that there is considerably more profit in doing business with the domestic clientele than in dealing with Escom, Yscor, etc.

## Not so doom-laden

Which is ironically but exactly why the news isn't so doom-laden as might first appear. The fact is that US lending exposure to the South African public sector — last year it was in the paltry region of 373 million dollars — has long been minimal. Most of the recent announcements are little more than disinvestment crowd-pleasing glosses on existing reality. American banks have not suddenly decided to stop lending to the Government: compared with the British, the Germans, the Swiss and other Europeans, they never really started in the first place.

Another point made this week by a vice-president for one of the above banks, is that South Africa's demand for US capital has dropped markedly with its recession and with the dramatic rise in the dollar's value against the rand, a rise this banker partly attributed (based on conversations with the S A Reserve Bank) to heavy South African currency purchases in fourth quarter 1984 to pay off dollar loans.

Given its remarkable — and again recession-induced — trade balance, and a debt service ratio that is better than those of the US, Canada and Australia, South Africa is unlikely to starve for foreign capital, whatever the American activists do. Witness, as the aforementioned banker did, the overseas inflow of some R900 million into the Johannesburg Stock Exchange over the past couple of months.

## Remedies available

Furthermore, should the taboo against lending to South African parastatals spread, there are always remedies. An American bank wishing, for example, to finance a purchase of US heavy machinery by Yscor will readily find an intermediary lender. Another resort is privatisation: let Escom, for example, be traded on exchanges around the world.

Finally, the bad news. According to one respectable school of thought, there is a development — the ban on all new loans and investment proposed by Senator Edward Kennedy *et al* — that could wreak more havoc than most of its authors seem to have imagined, could even force the Republic into default. Here's how: the chief defect of South Africa's aggregate dollar debt is that most of it is short term. Some bankers estimate that about four billion dollars will fall due to US lenders in the next 12 months. Passage of the Kennedy Bill would force the debt's owners to call it in rather than roll it over. With the Reserve Bank stretched beyond its limit, South Africa would have little choice but to impose draconian exchange controls, perhaps even freeze foreign assets. That its credit would be destroyed is not necessarily a worst-case scenario.

With any luck, the banks' sudden pleas of voluntary good behaviour will forestall Congress' urge to legislate trouble.

ROM 12/4/85  
**PanAm  
blames  
weak  
rand** (62)

By DEBBIE REYNOLDS

THE steady decline in the value of the rand over the last two years has directly affected PanAm's operations in South Africa, according to the US airline's South African general manager, Mr. William Johnson.

"Most of our expenses occurred in America and with the decline in the value of the rand. Where we were once getting 1,200 dollars for a R1,000 ticket we now get only 500 dollars," Mr. Johnson said.

PanAm, the only US airline to serve SA, confirmed yesterday that it had withdrawn its New York-Johannesburg service and closed its Johannesburg offices.

Mr. Johnson could not confirm how much money PanAm had lost in SA but said the twice-a-week flights were on an average only 60% full and were not making money.

"We do know from financial figures that we were not earning the amount of money per mile that we wanted to earn," he said.

Although Mr. Johnson said withdrawal from the route was not entirely influenced by political reasons, he admitted the disinvestment movement could have played a part.

"PanAm is a commercial company in business to make money, but I can't say the disinvestment campaign had nothing to do with the closure of our South African operation."

RDM 12/4/85 (82) (62)

# R20m IBM plan for black schools

By ANDREW DUNCAN

IBM has announced a R20-million, five-year programme to help improve education and economic development among black South Africans.

The programme, to be funded from IBM South Africa's earnings, will provide 250 schools with "Writing to Read" computer-assisted education systems.

IBM's president and chief executive officer, Mr John Akers, said the company believed the programme could help accelerate the process of peaceful and meaningful change.

Mr Jack Clarke, managing director of IBM South Africa, said IBM had already helped contribute towards positive change in education and training, and "Writing to Read" was a logical extension of that effort.

"In addition, we hope to make further contributions

in another important area — job creation and the development of black entrepreneurs. However, for this to take place with the correct momentum, obstacles which impede an individual's ability to participate in the free enterprise system will have to be changed."

IBM says the systems which will be used to enhance English language reading and writing skills will serve more than 37 000 elementary school children each year when fully implemented.

"Writing to Read" is a teaching tool that uses a computer-based system to teach children how to write everything they can say, and to read everything they can write.

Laboratories, each equipped with computers, typewriters and audio-visual equipment, will be opened at 42 black primary schools.

**Motorola won't sell to SA**

US FIRM Motorola Inc has promised to comply with the law prohibiting New York City from dealing with firms that sell to certain South African agencies, Mayor Edward Koch said yesterday.

RDM

3/4/85

(62)

RDM 13/4/85

# SA can still bank on (62) getting loans

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Citicorp took up the chorus in February, when it announced that all its outstanding loans to the South African public sector — some R40-million — would be off its books by the end of March.

Morgan Guaranty Trust — under fire for two loans to Escom and a third, made available in January, to the Industrial Development Corporation — followed with an undertaking not to misbehave again until Pretoria had reformed its ways.

First Chicago Corporation, more timidly, asked the Investor Responsibility Research Service to let it be known that its one remaining sin — R838 000 to South African Transport Services — would be liquidated as of March 1.

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## SIMON BARBER in Washington

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Furthermore, should the taboo against lending to South African parastatals spread, there are always remedies.

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Here's how: the chief defect of South Africa's aggregate dollar debt is that most of it is short term.

Some bankers estimate that about R8 000-million will fall due to United States lenders in the next 12 months. Passage of the Kennedy Bill would force the debt's owners to call it in rather than roll it over.

The Reserve Bank stretched beyond its limit, South Africa would have little choice but to impose draconian exchange controls, perhaps even freeze foreign assets.

That its credit would be destroyed is not necessarily a worst case scenario.

With any luck, the banks' sudden pleas of voluntary good behaviour will forestall Congress' urge to legislate trouble.

RDM 15/4/85

# Siljander offers a 7-point plan

By SUE FAULKNER

AMERICAN disinvestment in South Africa was already a reality, a United States congressman said yesterday.

Mr Mark Siljander, a Republican Member of the US House of Representatives gave a Press conference at Jan Smuts Airport on his way back to America after a seven-day visit to Southern Africa. He will take part in public hearings on bills affecting US trade and investment with South Africa.

He said that while millions of dollars had already been withdrawn from South Africa, laws denying human rights in the Republic needed to be quickly dis-



MARK SILJANDER 'repeal laws'

mantled to prevent a disinvestment policy becoming entrenched in US law.

Mr Siljander presented a seven-point package,

which, he said, was the minimum needed in South Africa to wipe disinvestment off America's list of options.

His package contained:

- The necessity of a conference between black leaders supporting a non-violent, democratic solution and the SA Government;
- The scrapping of the Mixed Marriages Act, the Immorality Act, the Group Areas Act, detention without trial and all laws relating to influx control.
- The granting of citizenship within internationally recognised borders to South

To Page 2

RDM 15/4/85

## Scrap these laws, SA is warned

From Page 1

Africa's people. Mr Siljander said that a timetable for the above proposals would be drawn up within the next few weeks, but stressed the need for urgent reform of "archaic" laws which denied human rights.

"Repeal should be almost immediate," he said.

"I hope as a First World nation of sorts, South Africa would see the wisdom of repealing the detention laws."

Mr Siljander described the Group Areas Act as "a central issue".

His "package with teeth" drawn up after talks with businessmen, politicians and community leaders contained the minimum requirements necessary to convince US companies which were considering pulling out of South Africa that change was on the way and disinvestment was unnecessary, said Mr Siljander.

"We hope that legislation incorporating these principles will help prompt South Africa to meet essential human rights issues and to deal with these points before disinvestment becomes a part of US policy."

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# Search for alternative to SA disinvestment

ARGUS 15/4/81 62

Argus Correspondent

JOHANNESBURG. — United States Republican congressman, Mr Mark Siljander — who completed a week's fact-finding visit to Southern Africa last night — says he hopes to present a constructive alternative to disinvestment when the issue of economic pressure on South Africa is debated in the US later this week.

Mr Siljander, who is the ranking minority member of the House foreign affairs Africa subcommittee, left for the US last night after visiting Namibia, Mozambique, Soweto, Crossroads and other parts of South Africa.

He met community and religious leaders and Cabinet minis-

ters, including Mr Pik Botha, Minister of Foreign Affairs.

Mr Siljander said he was not convinced that disinvestment, which would harm blacks in South Africa more than whites, was the way to put an end to apartheid.

He said: "I'm less convinced, now that I have been here, that short-term hurt (for the black community) can be turned into long-term help.

"We are putting together a seven-point package as an alternative to disinvestment."

He listed six apartheid laws he wanted repealed.

They included the Group Areas Act, the Immorality Act, the

Mixed Marriages Act and laws relating to influx control and detention without trial.

He said: "We hope to see movement on some of these issues in ensuing weeks. We are not talking about months or years."

The first point he would put forward as a constructive alternative to disinvestment was some form of conference between South Africa's white leaders and blacks who were "supportive of democratic, non-violent moves".

His overall impression of South Africa was that there were many critical social problems but that the hearts of the people were genuine in trying to find solutions.

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RDM 15/14/85  
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**Ford and  
GM: We  
will stay  
in SA**

DETROIT — General Motors and Ford have declared they intend to keep operating in South Africa despite a campaign by opponents of apartheid who want them to withdraw.

The world's two largest car companies told shareholders they opposed withdrawing business from South Africa because a pullout would harm efforts to improve the lot of the country's black majority.

Both companies said they followed equal employment guidelines for all races in their operations and GM said withdrawal would "set back the cause of human rights and peaceful change".

Some shareholders have pressed GM and Ford to halt the sale of motor vehicles to SA's military and police as long as the white-minority government continued its policy of racial segregation.

But GM told shareholders last week that halting sales to South African security forces could end its business in the country.

One shareholding pension organisation, the New York City Employees' Retirement Fund, has charged that vehicle sales to the police and military by Ford and GM gave important support to what it calls "Pretoria's aggressive actions".

Ford responded to the New York fund by saying it had repeatedly denounced apartheid, spent money to advance its black South African employees and lobbied against discriminatory laws.

The company also said direct confrontation would do less to aid the cause of racial equality and improve conditions in SA than the strong application of equal employment principles.

GM was even more forceful in opposing an end to investment, saying this would actually set back the anti-apartheid cause.

"We feel the greatest amount of social progress comes in times of economic expansion," one GM official said. — Sapa-Reuter



TELLS IT LIKE IT IS!

# GM, Ford reject disinvestment plea

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DETROIT — General Motors and Ford have declared they intend to keep operating in South Africa despite a campaign by opponents of apartheid who want them to withdraw.

The world's two largest car companies told shareholders they oppose withdrawing business from South Africa because a pullout would harm efforts to improve the lot of the nation's black majority.

Both companies said they follow equal-employment guidelines for all races in their operations and GM said withdrawal would "set back the cause of human rights and peaceful change."

Some shareholders have pressed GM and Ford to halt the sale of motor vehicles to South Africa's military and police as long as the government continues its policy of racial segregation.

But GM told shareholders last week that halting sales to South African security forces could end its business in the country.

However there is greater public support than ever in the United States for comprehensive economic measures aimed at ending apartheid.

Opposition Democrats in the House of Representatives recently voted overwhelmingly in favour of a non-binding resolution urging economic sanctions against South Africa.

The concern of US car executives over the growing international movement for business withdrawal from the Republic was illustrated recently when GM chairman, Mr Roger Smith, attended a meeting of US and

European corporate leaders in Britain.

The leaders discussed action by businesses in South Africa to oppose apartheid.

Anti-apartheid activists say withdrawal from South Africa by companies such as GM and Ford would impair the Pretoria government's ability to enforce its racial policies.

One shareholding pension organisation, the New York City Employees' Retirement Fund, has charged that vehicle sales to the police and military by Ford and GM give important support to what it calls Pretoria's aggressive actions.

Ford responded to the New York fund by saying it had repeatedly denounced apartheid, spent money to advance its black South African employees and lobbied against discriminatory laws.

The company also said direct confrontation would do less to aid the cause of racial equality and improve conditions in South Africa than strong application of equal employment principles.

GM was even more forceful in opposing an end to investment, saying this would actually set back the anti-apartheid cause.

"We feel the greatest amount of social progress comes in times of economic expansion," one GM official said.

Business analysts give the withdrawal campaign's proposals virtually no chance of adoption by GM or Ford shareholders.

Similar ideas put before the firms' annual meetings received only minimal support in 1979. — Reuter.

## e leads to a reorganising

# Bishop backs anti-SA protest

NEW YORK. — Bishop Desmond Tutu has now sent two telegrams to Columbia University students pledging his support for their protest against investment in South Africa, student leaders said yesterday.

Standing outside Hamilton Hall on the Columbia Campus, sit-in leader Mr. Daniel Fass said the bishop was concerned at the way the university authorities had tried to use his name in support of their position.

"He has sent two telegrams to us, and in each one he has pledged support for our protest. We are very pleased."

The students want Columbia to sell R76-million in stocks it owns in 26 major corporations that do business in South Africa, including IBM, Ford, General Motors, RCA, the Washington Post and CBS.

More than 100 students began the around-the-clock protest on April 4, chaining and barricading the main entrance to Hamilton Hall, an administration and classroom building. Their numbers have swelled to hundreds during the day, and the rallies have attracted prominent political activists including singer Pete Seeger.

A black civil rights group has also applauded the protest.

Mr Benjamin Hooks, leader of the National Association for the Advancement of Coloured People, said the NAACP sent the students a telegram on Friday welcoming "those who are now joining the struggle against apartheid".

The students also have been encouraged by Columbia alumni who staged similar but more tumultuous demonstrations in 1968 to protest against defence-related research by the university during the Vietnam War.

With the sit-in continuing to get saturation media coverage in the United States, parallels are being

drawn between it and the Vietnam protest movement.

In 1968, five university blocks were destroyed in rioting, and many students went to hospital.

Organisers say they believe apartheid could become as important an issue in the United States as Vietnam was in the 60s and early 70s.

Other central figures in the protest are Senator Gary Hart and the Rev Jesse Jackson, both of whom have sent messages of support.

Yesterday there was a festival atmosphere on campus as demonstrators basked in warm, spring sunshine on the steps of Hamilton Hall, which students have renamed "Mandela Hall".

The building has been daubed with slogans, pamphlets and posters denouncing South Africa and investment in the country.

● Bishop Tutu and Governor Mario Cuomo of New York will receive honorary doctorates from the University of Rochester, New York, on May 12, it was announced yesterday.

University officials said the awards would be made at a ceremony on May 12.

Bishop Tutu will receive an honorary doctorate in divinity, and Mr Cuomo, who is fast emerging as one of the most powerful figures in US politics, will receive an honorary doctorate in law.

It will be Bishop Tutu's first visit to the United States since his installation as Anglican Bishop of Johannesburg.

Sources say that scores of universities and institutions throughout the US are seeking Bishop Tutu's acceptance of speaking engagements. The sources say his trip to Rochester could turn into a full-scale tour of the country.

Mr Cuomo is generally regarded as a likely candidate for the Democratic Party's presidential nomination in 1988. — Sapa-AP.

# General Motors defies disinvestment calls

ARGUS 17/4/85 (62)

Argus Bureau

PORT ELIZABETH — General Motors would not bow to mounting disinvestment pressures in the United States; it had no plans to withdraw from South Africa or to relocate its operations from Port Elizabeth to the Reef.

These twin assurances were given at a ceremony in Port Elizabeth yesterday to mark the production of General Motors' 1 500 000th car in South Africa.

Attending the ceremony was General Motors' vice-president in charge of Latin American and South African operations, Mr John McCormack.

## VITAL COMPONENT

He told dignitaries, who included the Minister of Transport, Mr Hendrik Schoeman: "I want to say that we're determined to remain a vital component of the motor industry in this country... and here in Port Elizabeth.

Evidence of this commitment, said both Mr McCormack and General Motors' managing Director, Mr Lou Wilking, was the major investment in tooling up for the new Opel Kadett.

About R40-million is believed to have been invested by General Motors to produce the new model, and the 1 500 000th vehicle that rolled off General Motors' production line — a new Kadett Gsi — represented "the very latest in engineering technology and design," said Mr Wilking.

At an earlier press conference the company's marketing director, Mr Hal Carpenter, said it aimed

to capture 15 percent of the lower-medium priced car market in South Africa — "which this year will represent 54 percent of total passenger cars marketed."

At the conference Mr Wilking emphasised that a merger of production facilities with other South African manufacturers could only take place where this made economic sense and led to greater output from General Motors' plant.

Though the company had repeatedly stated that it would welcome either a South African shareholder or a manufacturing partner no discussions with prospective associates had yet taken place.

Commenting on the Ford/Amcar merger announced earlier this year, Mr Wilking said no competitive advantages were yet to be seen from the merger.

"And whether they do in the future... who knows?"

# We're in PE to stay - GM

E. Post

16/4/85

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By LOUIS BECKERLING  
Business Editor

**GENERAL MOTORS would not bow to mounting disinvestment pressures in the United States and had no plans to withdraw from South Africa.**

The company also had no plans to relocate its operations from Port Elizabeth to the Reef.

These two assurances were forcibly spelt out at a ceremony in PE today to mark the production of GM's 1 500 000th car.

Attending the ceremony was GM's vice-president in charge of Latin American and SA operations, Mr John McCormack, who told dignitaries, including the guest of honour, the Minister of Transport, Mr Hendrik Schoeman:

"I want to say that we're determined to remain a vital component of the motor industry in this country... and here in Port Elizabeth."

Evidence of this commitment, said both Mr McCormack and GM's managing director, Mr Lou Wilking, was the major investment in tooling up for the new Opel Kadett. About R40 million was reputedly invested by GM to produce the new model.

The R1 500 000th vehicle that rolled off GM's production line today, a new Kadett GSI, represented "the very latest in engineering technology and design", said Mr Wilking.

At an earlier Press conference, GM's marketing director, Mr Hal Carpenter, said the company aimed to capture 15% of the lower-medium priced car market in South Africa — "which this year will represent 54% of total passenger cars marketed".

"This means we're aiming at selling 1 600 units a month," said Mr Carpenter.

Commenting on the launch of the new Kadett — "which had won a clutch of motoring awards overseas" — Mr Wilking said the success of the new model

was "fundamental to the success of the company". The new car will be launched through GM's dealer network on May 19.

At the conference Mr Wilking emphasised that a merger of production facilities with other SA manufacturers could only take place where this made economic sense and led to greater output from GM's plant.

Though GM had repeatedly stated that it would welcome either a SA shareholder or a manufacturing partner, no discussions with prospective associates had yet taken place.

"And any arrangement would have as its basic premise greater throughput through this plant," emphasised Mr Wilking.

Commenting on the Ford-Amarc merger announced earlier this year, Mr Wilking said no competitive advantages were yet to be seen from the merger.

"And whether they do in the future... who knows?"

● Picture — Page 3  
● Schoeman's address — Page 11

# Argus 17/4/85 (62) surreptitiously helpful

NEIL LURSEN of The Argus Foreign Service in Washington reports on the quiet diplomacy against disinvestment by South Africa's economically dependent neighbours

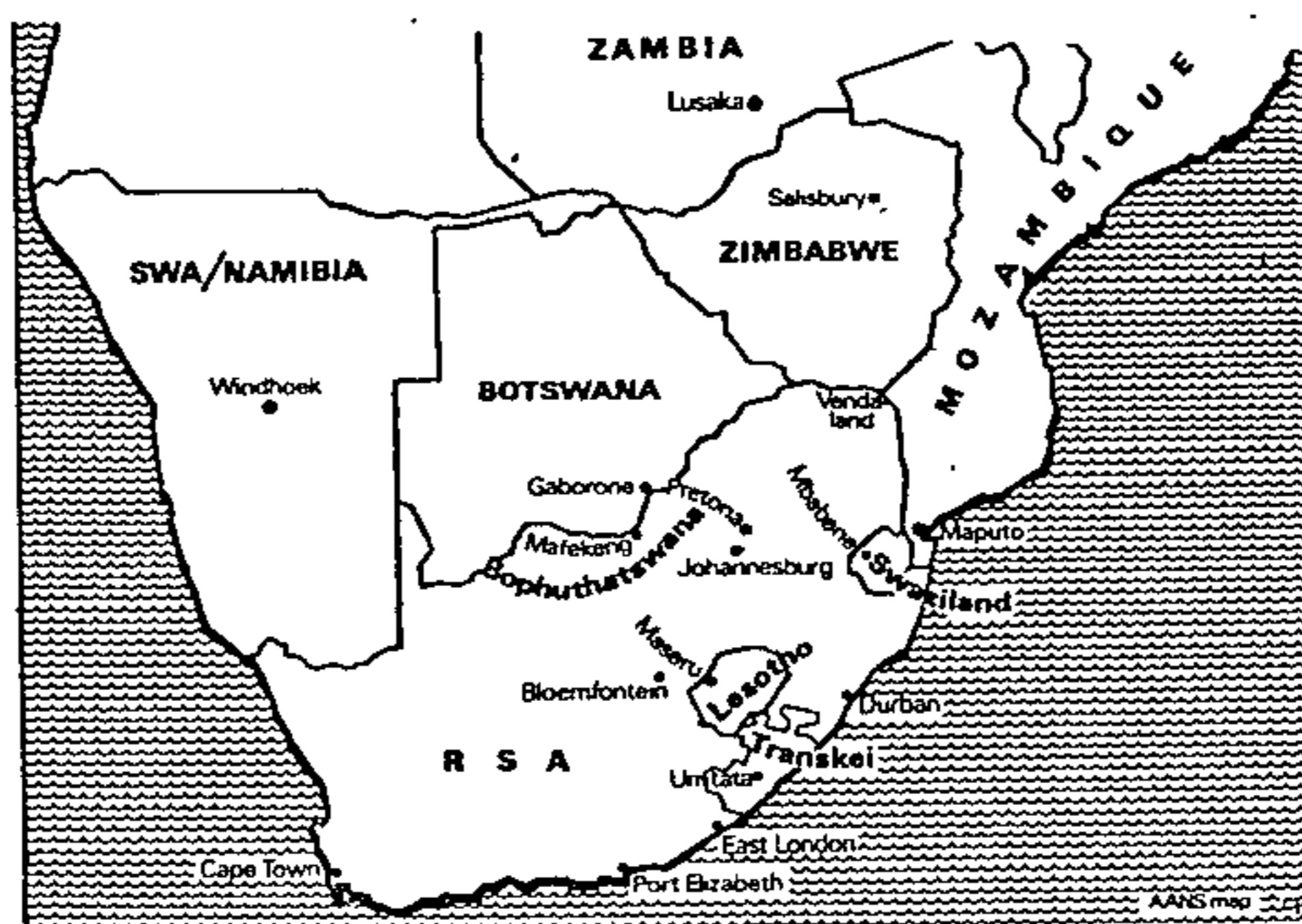
EFFORTS by the South African Government to lobby against American disinvestment are getting quiet but apparently effective support from some of South Africa's black neighbours.

They have stayed out of the strident public debate here over the demand that American companies get out of South Africa as a protest against apartheid — but, unobtrusively, they are letting it be known that they will also suffer if South Africa's economy is harmed.

Typical of this approach is the attitude of Botswana officials in Washington.

A senior Botswana official said today: "We are very plain about our relationship with South Africa. In general, we do not support the disinvestment campaign against South Africa and Botswana cannot participate in any international boycott.

"We are, after all, in the same customs union. Besides, embargoes are hard to enforce. People can talk about the effectiveness of boycotts, but reality shows otherwise.



Member countries of the SA Customs Union

"We are not taking an active role in the disinvestment debate, but when the occasion arises — as it does — we make our position clear. Of course, disinvestment and new investment are two different things. While we do not want South Africa's economy to be harmed, we would like to see new American investment come to the newly independent neighbouring countries," the official said.

"There is some US interest

in Botswana as a country for investment, but our trade ties are still small, largely because of the distances and because Botswana is not well known here.

"But we can offer stability, a democratic system, and support for free enterprise."

The newly arrived ambassador of Zimbabwe, Mr Edmund Garwe, declined today to comment on the disinvestment debate.

"Our views would be supportive of the position taken by the Organisation of African Unity," he said.

But it is understood that Zimbabwe officials have said in private, off-the-record meetings here that they do no regard disinvestment as an effective tool against South Africa, pointing to the way in which the Ian Smith government was able to overcome international embargoes for years.

The economy of Zimbabwe, like that of most countries in Southern Africa, is dependent on South Africa's.

The significance of that fact has not been lost on the South African Government's foes in the US Congress.

While there have been some attempts in the congress to force disinvestment, none of the serious legislation affecting South Africa calls for such a drastic step. Rather, the proposed bills call for bans on new investments and loans, and new trade curbs in the absence of reform in South Africa.

## — and trade unions step up pressure

NEIL LURSEN of The Argus Foreign Service in Washington reports on a special meeting on South Africa by the International Confederation of Free Trade Unions

TOP international labour leaders are calling for partial disinvestment and tougher sanctions against South Africa — but are stopping short of pushing for total disinvestment at this stage.

However, Mr John Vanderveken, General Secretary of the International Confederation of Free Trade Unions, warned here that disinvestment was an aim for the future and said mandatory UN sanctions should be adopted to enforce South Africa's economic isolation.

Mr Vanderveken spoke at the end of an extraordinary meeting of the ICFTU executive board in Washington on the situation in South Africa.

He said the board had never before met to discuss just one issue, but that the situation in South Africa was at a crisis point.

Mr Vanderveken said the growth of a strong black trade union movement in South Africa was the most effective measure to beat apartheid.

Asked by a South African journalist how trade unions could develop if sanctions and disinvestment removed jobs, he said that if the issue was jobs or freedom, freedom was more important.

Mr Vanderveken outlined a pro-

gramme approved this week by the ICFTU to beat apartheid. It calls for:

- Tougher sanctions, including tightening of the arms embargo
- The ending of internapromotion
- A ban on new investments, bank loans and IMF loans
- A ban on the purchase of Krugers, South African coal and on contracts for the expansion of South Africa's nuclear energy
- Punitive action against ship owners and companies who supply oil to South Africa.
- Compulsory disinvestment by companies operating in the fields of energy, armaments and high-technology and by those companies identified by black trade unions as violating international standards of labour practices.
- International pressure against white emigration to South Africa, including the closure of all South African recruitment and tourist promotion offices and trade union action against companies that seek white workers for South Africa
- Vigorous discouragement of sporting and cultural ties with South Africa.

Mr Vanderveken said the ICFTU

was calling on all governments not to receive South African Government officials and other "exponents of apartheid."

The international labour movement also planned to increase pressure on multinational companies operating in the republic and on South African companies operating overseas.

He said these companies had of apartheid and that their vulnerability to international trade union pressure should be exploited.

Mr Vanderveken outlined measures in which labour leaders could target the companies and said that in the case of obstruction by management there should be "appropriate solidarity action."

The ICFTU board, he said, also called for international labour support in the struggle to overthrow "obnoxious" influx control and migrant worker laws and would work toward strengthening the economies of South Africa's neighbouring countries to reduce their dependence on South Africa.

Mr Vanderveken said these measure were necessary because diplomacy had failed to get across the abhorrence felt by people all over the world at apartheid.

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# Anti-SA protest at US varsities

NEW YORK. — A judge yesterday began efforts to end a 2½-week sit-in at Columbia University by students protesting against the school's ties with South Africa.

Acting New York State Supreme Court Justice Burton Sherman briefly met attorneys for the university and about 100 demonstrators, and ordered another session tomorrow to discuss a negotiated settlement.

He left temporary restraining orders in effect against both sides. One restrains the students from blocking the doorway of Hamilton Hall, although they have been doing so since April 4. The other restrains the university from arresting the students unless they become violent, something they have vowed not to do.

The students have

been encamped on the building's steps to protest at Columbia's \$65-million investment with companies doing business in South Africa.

Although the students have shut the doors to Hamilton Hall with a chain and padlock, the building remains accessible through an underground passageway from another building.

Meanwhile, police have ended a week-long anti-apartheid protest at the University of California at Berkeley. More than 150 people were arrested on trespass charges when police moved in at dawn on Tuesday.

The demonstrators are demanding the removal of \$3.4 million in university funds from companies doing business in South Africa. — Sapa-Reuter-AP

## PULL-OUT DISPUTE

NEW YORK. — Claims by the New York City Council that it is succeeding in getting American corporations to pull out of South Africa have been disputed.

Several banks and firms disputed a statement on Monday by the city treasurer, Mr Harrison Goldin, that companies were responding to council pressure. He said they were divesting completely or taking steps to comply with council policy.

Mr Goldin said City Investing Company was to liquidate all South African assets after receiving a letter from Mr Goldin.

On Tuesday, however, Mr John Herndon, a vice-president of City Investing, said the claim was totally incorrect because City Investing had decided to liquidate the entire company.

Manufacturers Hanover was said by Mr Goldin to have agreed to ban all loans to the South African Government, but a company spokesman said: "That's where we were all along."

Manufacturers Hanover had granted no loans to Pretoria since 1976, he said.

Meanwhile, it was disclosed that New York's mayor, Mr Edward Koch, had undertaken to sell \$38 600 of stock he owns in three companies that do not comply with council policy on apartheid.

The firms — Allegheny International, General Foods and Stanley Works — apparently failed to subscribe to the Sullivan principles. — Sapa-Reuter.

# Lobby against

AKG Financial Editor

EVERYONE in South Africa with contacts in the United States must urge them to lobby their congressmen and senators to vote against any form of American disinvestment, says Mr Raymond Parsons, director of the Associated Chambers of Commerce.

In an address to the Mossel Bay Chamber of Commerce last night, he said the private sector in South Africa had a major task of mobilising and harnessing segments of American opinion to neutralise the disinvestment campaign there.

The battle against disinvestment will have to be fought by interests in America — with the South African business community in an essential supportive role.

But everyone in business

must take action now before irrevocable decisions were taken by the United States Congress.

Mr Parsons said sanctions against South Africa, even if effectively implemented, would not cripple the economy owing to its size, diversity and sophistication.

But they would reduce the country's capacity to cope with the huge problems of population growth and the provision of jobs for the burgeoning population.

"With the South African population likely to double in the next 30 years and the need to create at least 250 000 jobs a year, South Africa needs a high economic growth rate.

"It is the need for this high-target economic growth rate that renders South Africa vulnerable. We need both the for-

ign funds and overseas technology to meet the challenge of economic growth."

He said South African businessmen should give their American contacts the facts — positive and negative — about South Africa.

"But be objective and balanced in your assessment of the political and economic factors at work in South Africa.

"Tell them that the burden of economic sanctions will fall on the black population in the form of unemployment. Point out that sanctions will weaken the blacks in the very areas in which their power has been growing — on the labour market, where their bargaining power is potentially decisive.

"Inform them South Africa is

# disinvestment, Parsons urges

on the move. But add that a contracting economy, as a result of disinvestment, could well generate stronger anti-reform sentiment among whites.

"Draw attention to the fact that our neighbours in Southern Africa cannot afford to see economic sanctions applied to South Africa. Our neighbours are more vulnerable to sanctions against South Africa than the Republic itself. What would be a pinprick to South Africa could become a whiplash to them.

"Warn your business contacts there is always the possibility of retaliation."

South Africa had the scope to inflict damage on particular firms and sectors in the American economy.



Mr Raymond Parsons



# IBM freezes certain SA sales

NEW YORK. — The International Business Machines corporation (IBM) yesterday pledged it "will not sell equipment to the South African military, police, prisons, agencies for the national security, the department that administers the passbook system, or the department of Home Affairs."

The pledge is contained in a letter published in the New York Times from Mr. Victor MacDonald, IBM's vice president. It follows IBM's recent announcement that

(62) RDM 1911/88  
it intends staying in South Africa and the controversy that this decision has stirred among some anti-apartheid activists.

In his letter Mr MacDonald says that to the best of our knowledge, there are no IBM computers installed in the department that administers the black passbook system in South Africa.

"Nor do we have computers installed at the South African Department of Home Affairs," Mr MacDonald writes.

ROM 7/14/85  
Mayor  
sells SA  
shares (62)

By RICHARD WALKER

NEW YORK. — The Mayor of New York, Mr. Ed Koch, ordered his broker to sell off at least \$220,000 in personal stock invested in companies active in South Africa as hundreds of Columbia University students passed the fourteenth day of their sit-in to protest the university's investment in such companies.

— Across the country in Boulder, students at the University of Colorado were in the second week of a pro-disinvestment drive in which about 500 have been arrested for crossing police over a mixture of grievances, including CIA campus recruitment.

In Berkeley, University of California students were maintaining their disinvestment drive following Tuesday's arrest of 141 campus demonstrators.

Mr. Koch made his move after a Press report on his tax returns highlighted the nature of his portfolio.

The president of the New York City Council, Miss Carol Bellamy, an arch rival, promptly announced that she would sell 100 Xerox shares — worth about \$9,000 — because the company conducted business in SA.

Mr. Koch said he would dispose of shares in three SA-linked companies who had not signed the Sullivan Code.

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Little to monitor their progress.

"Many companies are naïve and, believe it or not, still don't think the disinvestment lobby will affect them. They don't realise how serious the situation is. The guys are very gung-ho about establishing and implementing social programmes, but I have a hard time getting them to realise that they have to do more.

"For example, the adopt-a-school programme, is well and good, but it's not enough. It's basically band-aid and doesn't tackle the fundamentals of unequal education; lobbying government is equally important. About \$100m has been spent on social programmes since the SC's establishment, but financial expenditure isn't enough to qualify for high-score ratings. Getting the signatories to focus on long-term issues is very difficult."

Today, the major criticism levelled at the code is that it has no teeth and isn't enforceable — though this could be changing. "We can't take action against non-complying companies now, but legislation could well be introduced in Congress this session which will enforce compliance with the code. I think coercing people into doing things could be counter-productive," Grewan says. "I think we'd lose the creative element if it becomes compulsory." ■

## MATHEW NELL

### Conquering blocks

SA's black housing problem is seldom discussed without mention being made of the impossible number of houses needed to meet the backlog and the increasing demand resulting from the rising tide of urbanisation. But Matthew Nell, GM of the Urban Foundation's (UF) first housing utility company in the Transvaal, the Family Housing Association (FHA), is attempting to find some answers.

"Opening up opportunity and options for more people from both the formal and informal sectors to participate in housing supply is far better than attempts at a single uniform co-ordinated response," he says.

A housing utility company is entitled in terms of the Housing Act to avoid taxes and to apply to the National Housing Commission for funds. "The FHA is run on a non-profit basis. Its purpose is to enable housing to be provided on a non-speculative, affordable basis while operating on competitive business principles," Nell explains.

For seven years, Nell (35) has run the UF's housing programmes in the Transvaal. His function has been twofold: to apply pressure for legislative and policy changes in black housing, and to run the foundation's site-and-service and self-help housing projects.

These projects, in Soweto, Katlehong and Sebokeng, with a turnover of R20m, have become part of the FHA. A smaller, close-knit unit in the UF will continue to concen-

trate on policy — while the FHA tests and confronts it in the field.

Nell explains: "Our objective is to increase the supply of housing in the PWV, in a way that's responsive to social and economic realities. We figure out what market demand is, and how to change supply to meet it. Essentially we're not just another construction company because we operate to generate and increase private initiative."

He stresses that the FHA pays and will continue to pay its own way, otherwise its efficacy is limited: "We must be able to compete for resources without relying on subsidies."

The FHA is considering moving into the Pretoria area though its present priority is black housing. "But we plan to move into the supply of coloured and Indian housing as well," Nell says.

The Association's biggest project is in Soweto's Protea North, providing servicing to 2 500 sites: "We acquired the rights to develop the land, organised design, township proclamation and so on. We pre-sold 75% of the sites to formal and informal developers

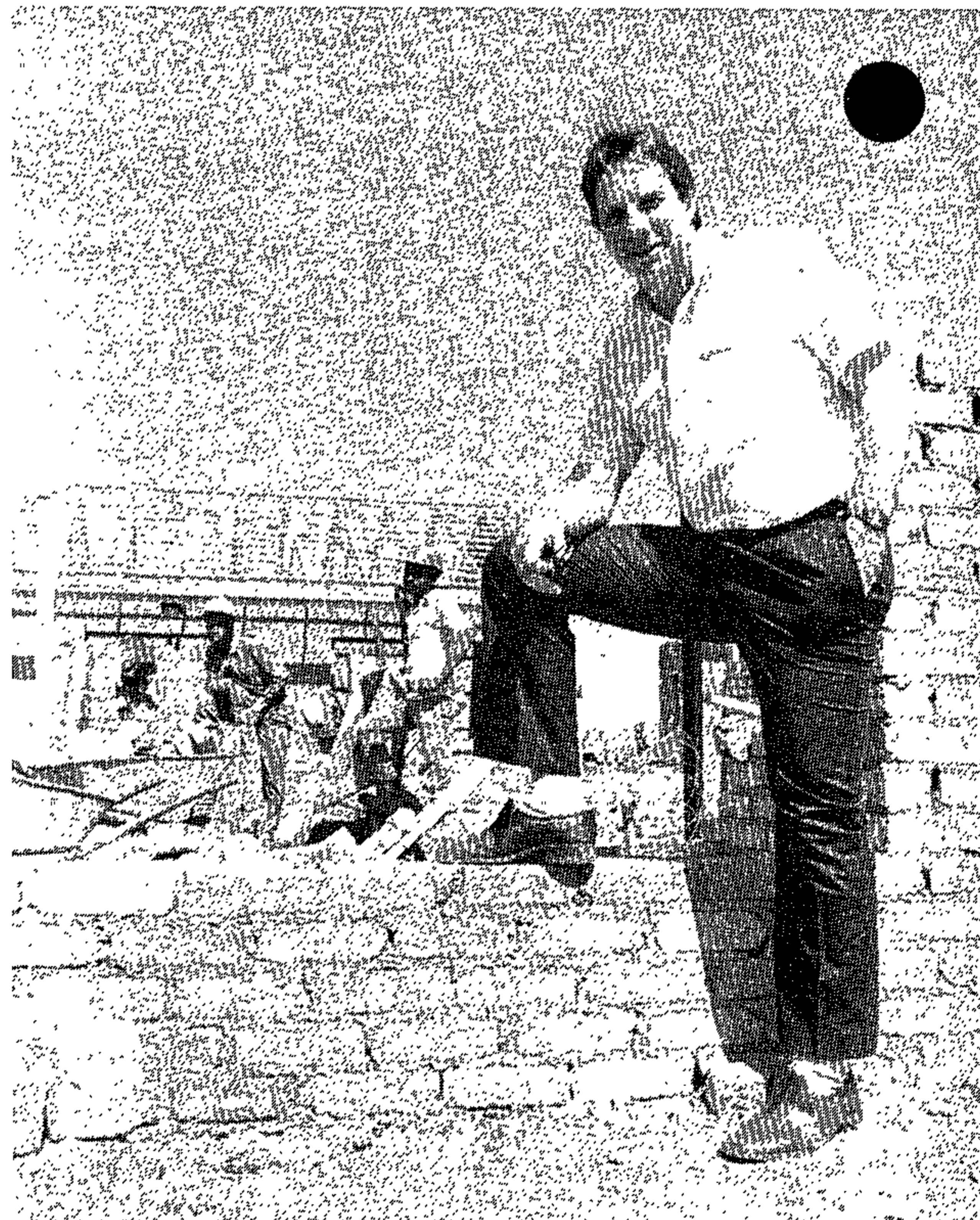
and employers. The other 25% is set aside for owner-builders, the man in the street."

The FHA also provides a housing service, with a range of options aimed at enabling a family to manage its own building, by providing access to house designs, bulk purchased materials, bond finance and an after-sale technical advice service.

A mild and relaxed enthusiast, Nell provides information on his field precisely and easily. "Running a utility company is ideal for an engineer, planner or builder in early-to mid-career. It provides the experience of running a company, and the opportunity to make a social contribution as well," he says.

Nell studied building science at Wits, and then "for two years I built high-rises, until I knew I wanted to work in low-income housing." He took a master's degree in town and regional planning, and did research into company housing policies for the CSIR's Institute of Personnel Research.

In 1978, he joined the UF and started work on its self-help housing project near Carletonville, one of the first in the country. Nell spends about half his time on site in



Nell ... structural reform more than changing legislation

know. King promises to get back to him. "The time has come for a bold approach," he continues. "The economy will never stabilise until the socio-political order stabilises. It's difficult to formulate a monetary policy of high interest rates like in the US and UK when SA hasn't got a social security system — a net to catch the unemployed who become hungry and restless." And as chairman of Operation Hunger, King knows what he's talking about. "If you have structures which lead to hardship and on top of this apply economic hardship, it's just looking for trouble," he adds.

In recent years, King's social conscience, and his hand, have become increasingly apparent in KG corporate reports. This isn't surprising as he spent time working as a reporter on the *Sunday Express* in his youth. The then editor Johnny Johnson, so the story goes, made him the highest offer ever made to a Saan journalist at the time in the hope of retaining his services.

A quick thinker, the only time King pauses before answering is on the subject of the KG's victory over the JSE in the Sanki deal. "I think they arrived at the right decision," is all he'll say.

Enter Kirsh: "I need an answer now, Mervyn," he says. And the two scuttle off to whisper behind close doors. ■

**LIONEL GREWAN**

## Labour monitor

Lionel Grewan, national co-ordinator of the Sullivan Code (SC) of labour principles, was working in Iran when the Shah was deposed, so he's accustomed to upheaval. Back in SA six years later, with the US disinvestment lobby gaining increasing vigour, he's simply keeping his head down and getting on with the job of ensuring that SC signatories comply with its principles.

Grewan (43) helps US investors in SA structure programmes to achieve their objectives and also helps them overcome obstacles. However, his most difficult task is ensuring that the signatories make sufficient progress in dismantling discriminatory structures. "This is the only thing that will appease people in the disinvestment lobby," he explains.

However, in Grewan's opinion, the disinvestment lobby is unlikely to provide any answers. "It's been a good coercive stick for prodding US companies into taking a long hard look at themselves," he concedes. "But rather than disinvest, I think US investors should focus on progressive reconstruction — the upliftment of black communities."

The SC lays down standards for US companies operating in SA and is probably the most highly publicised tenet of foreign investment in this country. "When it was first formulated in 1977, tackling desegregation in the workplace was its major task," Grewan explains. "But this was just the first phase, and we've moved beyond that now.



**Grewan . . . "US investors should focus on progressive reconstruction"**

The second phase involved getting out into the community through upliftment programmes, and the third phase, which we're now in, provides a completely new direction.

"Our main emphasis is on talking to government about removing restrictions and making known to them the kind of inhibiting practices that affect business." Countering criticism that the SC's usefulness has been superseded by increased bargaining power in the workplace, Grewan explains that dialogue with government is now a prime focus.

Grewan was born and schooled in Durban, but he speaks with a foreign twang. He left SA in 1964 and worked as an English teacher in Zambia for 10 years before receiving a grant to study maths at the North London Polytechnic. In 1977, he found himself in Isfahan working for Bell Helicopter, teaching pilots.

"One Friday afternoon I was on the street with my family and we heard shots from the market square," he recalls. "We headed for the nearest hotel and lay low. This was the start of the revolution." Soon afterwards, his

wife and two children went to the US for safety.

"I saw the Shah go and the Ayatollah arrive," Grewan says, "and three months later the State Department finally decided to evacuate all employees of US companies." Grewan joined his family in America and completed a few courses at Indiana University before deciding to return to SA where he joined Citibank as a training officer. Increasingly he found himself dealing with social responsibility issues and last year was appointed SC national co-ordinator.

Though only 140 of the approximately 300 US companies in SA are now Sullivan signatories, the number is rising rapidly. "As pressure in the US intensifies, everyone wants to get on board, so we've had 18 new signatories since February," he says.

But this isn't the whole picture. Last year eight companies received failing grades for their progress, and rather than pull up their socks, they pulled out. Twenty-nine other companies also backed off, unwilling to pay Boston management consultants Arthur D

# Disinvest demo at US campus

RDM 2/14/85 (62)

NEW YORK. — Hundreds of anti-apartheid demonstrators demanding that the University of California sell \$200-billion in South African investments massed on campus on Wednesday to support a call for a boycott of classes.

There were no arrests at the university in Berkeley like those which sent 159 protesters to the county jail on Tuesday for investigation of trespassing and illegal lodging. All but 29 had been released by Wednesday morning.

Anti-apartheid protests also continued at Columbia University in New York City and at Rutgers University in New Brunswick, New Jersey.

Bedsheet banners continued to flap outside Sproul Hall, headquarters for the Berkeley campus administration and focus of the eight-day protest. One said: "Divest Now or Regret Later."

The University of California has money invested in several companies doing business in South Africa, including General Motors, Exxon and Eastman Kodak.

The Berkeley demonstrators, about half students and half area residents, had complained that university regents would not move up discussion of divestment of the university's money invested in firms doing business in South Africa to their May meeting in Berkeley. The issue is on the June agenda. — Sapa-AP

RDM

**'Racial' plan for workers**

HONEYWELL INCORPORATED, a computer and electronics company, announced plans in Minneapolis, Minnesota, on Saturday, to spend R940 000 in efforts to racially balance its workforce in South Africa.

Send-off round Cape

(62)

22/4/85

# US demo against SA apartheid

7/3/85

62

Soweto

22/4/85

WASHINGTON — Nearly 30 000 Americans paraded through Washington to protest against the US military build-up, South African racial policies and a broad range of Reagan Administration policies.

The peaceful march, along with simultaneous demonstrations in San Francisco and Los Angeles, protested against the nuclear arms build-up, apartheid racial separation policies in South Africa, and the US involvement in Central America.

Led by black activist and former presidential candidate the Reverend Jesse Jackson, the protesters marched past the White House and filed down the mall in the

centre of the city to the steps of the Capitol building where congress meets.

In a fiery speech from the Capitol steps, Mr Jackson said: "We are going to fight to free Johannesburg."

More than 80 separate groups took part in the "festival of protest", which is to continue for three more days in Washington so the demonstrators can lobby congressmen.

Organisers put the size of Saturday's crowd at 100 000. But Park police estimated it at 26 000. The crowd in San Francisco was set at 50 000 and in Los Angeles at 4 000 — Sapa- Reuter.

# Anti-apartheid sit-in reaches an abrupt end

NEW YORK—Students at New York's Columbia University, feeling they have been betrayed, yesterday began dismantling their three-week-long sit-in against apartheid.

The protest will end formally tomorrow, but already the students are taking down banners and rolling up their sleeping bags.

The decision to end the protest came suddenly late on Monday night.

Many of the protesters are upset by it, because throughout the sit-in their leaders insisted that it would continue until Columbia's authorities agreed to divest themselves of more than R60 million in the stocks of companies that do business in South Africa.

Many students now see the collapse of the protest as a defeat.

Mr. Randolph Scott-McLaughlin, a lawyer representing the students, said they felt 'betrayed'

by the university's unwillingness to 'enter into dialogue' with them.

'We didn't realise what kind of intransigence we were facing from the university,' said Mr Anthony Glover, one of the organisers.

Many of the clearly disenchanted protesters cried openly as Mr Glover announced that the demonstration was being disbanded.

## View

Claiming they had won a moral victory, he said: 'What's clear is that they (the university authorities) can no longer continue to justify investments in South Africa after what's being done out here.'

University authorities took a contrary view.

'These kids have spent almost three weeks camping outside and in the end they got nowhere,' one official said. —(Sapa)



ROM 24/4/85

# Anti-SA protest at Columbia (62) ends in defeat

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"These kids have spent almost three weeks camping outside and in the end they got nowhere," one official said.

"All they got was a great deal of publicity... certainly far more than they deserve."

The decision to end the abortive student sit-in was announced just minutes before a State Supreme Court judge issued a preliminary injunction ordering the demonstrators to allow access to the administrative building they have been barricading in defiance of previous court orders.

Similar protests are continuing at Rutgers and Princeton in New Jersey, at Cornell in New York State, and at the University of California at Berkeley and Santa Cruz.

Meanwhile in Washington, Congressman John Conyers yesterday said he planned to introduce legislation denying government contracts and grants to US colleges and universities with investments in South Africa. — Sapa-Reuter.

CAP Times 24/4/68 (62) ~~62~~

# Tears as anti-SA demo ends

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being disbanded. University authorities said that at most, 400 of Columbia's almost 20 000 registered students had taken part in the sit-in.

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Professor

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CMP & Times 24/4/85 (62) ~~(62)~~

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CAPE TIMES

25/4/85

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## Tambo in sanctions meetings

Own Correspondent

NEW YORK. — African National Congress president Mr Oliver Tambo yesterday briefed congressional aides at the start of a week-long visit keyed to the bid to impose economic sanctions against South Africa.

Senator Edward Kennedy and Congressman William Grey — sponsors of sanctions bills — helped arrange the breakfast meeting.

The ANC chief lunched with the editorial board of the Washington Post and later addressed the congressional black caucus.

Mr Tambo's arrival was delayed because of visa difficulties, described by one closely involved source as "tremendous". In particular, the delay foiled the ANC's plan for him to address last weekend's Washington demonstrations

APR 25 1985

# US battle lines over SA ready

By NEIL LURSEN  
Argus Foreign Service  
WASHINGTON. — In an attempt to head off bipartisan moves in the United States Congress to impose economic sanctions on South Africa this year, Republican Party leaders have introduced their own softer anti-apartheid legislation.

The move means that the battle lines have finally been drawn for the congressional clash over South Africa.

And the Secretary of State,

Mr George Shultz, has warned that the issue — which looks like being as divisive as the Nicaragua debate — could “tear the country apart”.

The Bill, introduced in the Senate yesterday, seeks to:

- Increase aid to South Africa's blacks through a \$15-million (about R29-million) scholarship fund and grants of R1.5 million (about R3 million) to community organisations;

- Make adherence to the Sullivan code compulsory under threat of financial penalties;

- Promote the expansion of black-owned businesses through the Export-Import Bank and the Overseas Private Investment Corporation;

- Require the President to order economic sanctions if significant progress in eliminating apartheid has not been made by March, 1987.

The new Bill has a powerful set of sponsors — Senator Richard Lugar, chairman of the Foreign Relations committee, Senator Robert Dole, Senate majority leader, Senator Charles Mathias, whose own apartheid Bill has been incorporated, and Senator Nancy Kassebaum, chairman of the Senate's African Affairs subcommittee.

Whether it will win enough support to defeat Democratic Senator Edward Kennedy's much tougher Bill, which demands immediate economic sanctions, is not yet clear.

Signals that the confrontation will be fierce came yesterday when Senator Kennedy and the Republican co-sponsor of his Bill, Senator Lowell Weicker, appeared before Senator Lugar's committee to make impassioned pleas for sanctions.

The fact that as many as 10 senators attended yesterday's hearings on a day which saw the start of the most important legislative event of the year — the budget debate — is seen as an indication of the importance of the South Africa issue.

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25/4/85

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# Congressional battle over S A hots up

MM 26/4/85  
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Simon Barber

WASHINGTON—The Rev Leon Sullivan wants the Senate to pass — at least — Sen Edward Kennedy's Anti-Apartheid Bill and also to make his Employment Code mandatory.

Long regarded as a moderating influence on the Congressional debate on South Africa, the Philadelphia preacher has written to key senators forcefully restating his position as the Congressional battle over sanctions moves into high gear.

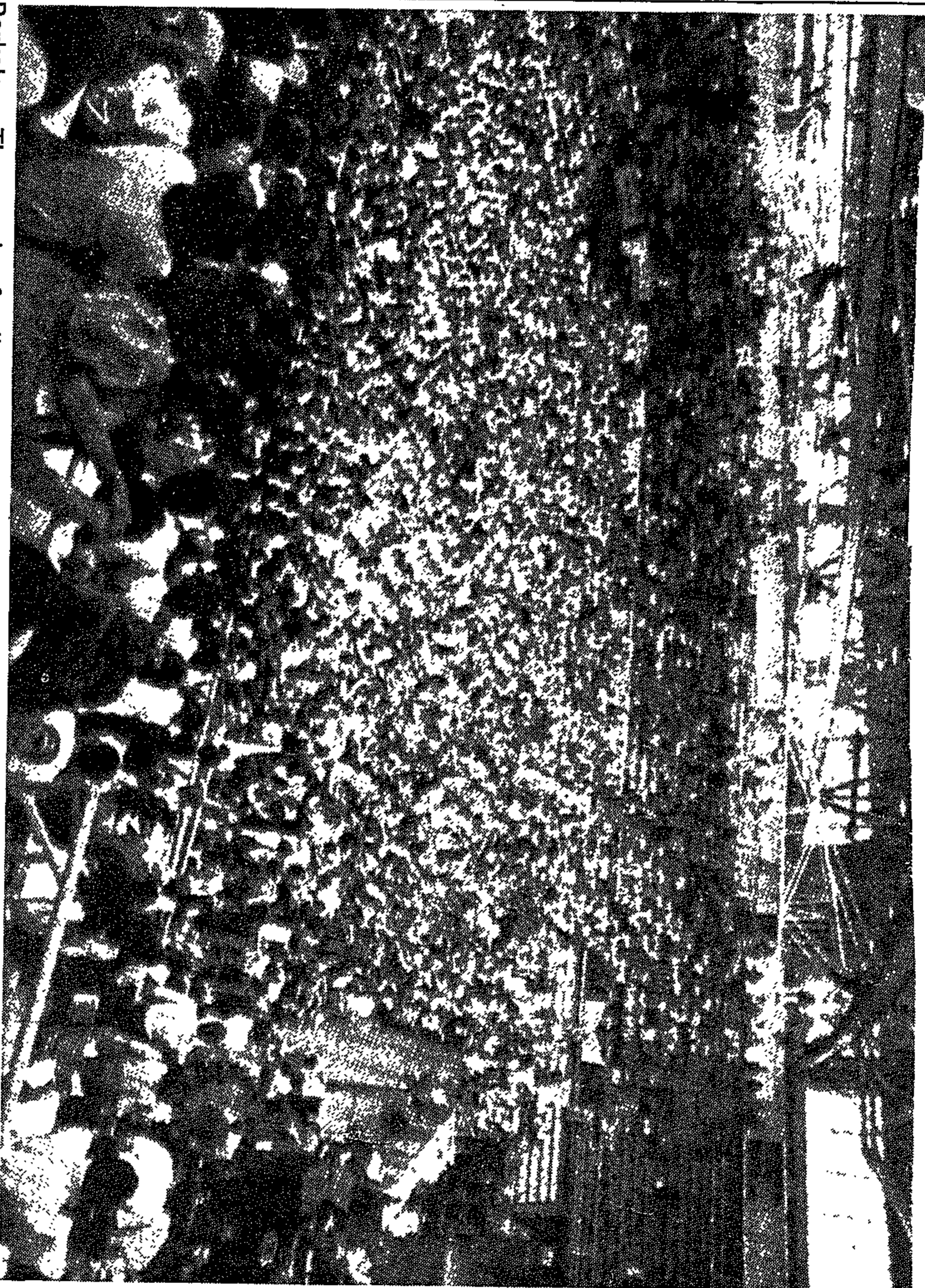
In the letter he advocates: 'No new investments by US companies in South Africa, no new loans to the South African Government or its agencies, the banning of the sale of the Kruger rand and economic sanctions that will influence the South African Government to abolish all-apartheid laws.'

At the same time, he urges that the Sullivan Principles 'be given teeth by the US Congress, with a stringent system of monitoring and the application of stiff penalties, including sanctions, embargoes and the loss of US Government contracts for non-compliance.'

'I also recommend legislation requiring companies from other nations who are doing business in the United States, with businesses in South Africa, to also comply with the the principles or their equivalent.'

The letter, which is dated April 12, is believed to have been instrumental in persuading two conservative Republicans, senators William Roth and Mitch McConnell, to break ranks with their party leadership and draft legislation imposing tough, though non-economic, penalties on South Africa.

In a related development, the Reagan Administration yesterday hotly disputed a Washington Post report which said the State Department was behind legislation being introduced by Senate Majority Leader Robert Dole and Sen Richard Lugar, chairman of the Senate Foreign Relations Committee.



Berkeley—Thousands of college and university students across the nation skipped classes, staged sit-ins and listened to impassioned rally speakers in a show of indignation at US investments in South Africa. This scene in the University of California-Berkeley's gym shows 5 000 attending a forum on the subject. Some university officials also attended the forum. — (Reuter)

# Ford workers down tools

CAPE TOWN 27/4/85

(62)

Own Correspondent

PORT ELIZABETH. — Ford yesterday became the third local motor manufacturer in a week to be affected by a stoppage over interim wage increases.

About 2 000 workers at Ford's Neave plant in Port Elizabeth downed tools after refusing an interim wage increase offer by management.

Meanwhile workers at Volkswagen in Uiten-

hage, affected by stoppages since last Friday, are set to return to work on Tuesday.

And about 3 000 General Motors workers returned to work yesterday after downing tools on Thursday. The workers accepted an interim wage increase between 14c and 24c an hour.

Industrial action at the three plants came after a deadlock was reached at Industrial Council level between the Eastern Province Automobile Manufacturers Association — representing the three companies — and the National Automobile and Allied Workers Union (Naawu).

As a result of the deadlock the companies agreed to negotiate interim wage adjustments at shop floor level.

Yesterday negotiations continued between Volkswagen and VW shop stewards. Mr Fred Sauls, general secretary of Naawu — the trade union representing the majority of workers at Ford, GM and VW — said last night VW workers had decided to accept an increase offered by VW management of between 14c and 24c an hour.

A VW spokesman confirmed that the company had been advised of the workers' acceptance.

Mr Les Kettleidas, regional secretary of Naawu, said workers at Neave walked out yesterday afternoon after wage talks began between the company and the union yesterday morning.

Mr Kettleidas said talks would continue between the union and Ford on Monday.

ADH 27/4/85

# Amcar could drop Peugeot

By DAVID FURLONGER  
Industrial Editor

AMCAR, which joined forces with Ford earlier this year to form Samcor, is thinking of dropping its Peugeot dealership.

Amcar officials are re-assessing their ties with the French motor manufacturer following the decision to forge a new corporate identity for Mazda and Mitsubishi, Peugeot's partner in the Amcar stable.

From the beginning of next month, Mazda and Mitsubishi dealers will trade under a new corporate logo, MMI, short for Mazda, Mitsubishi Incorporated.

The exercise, to be accompanied by an increased publicity campaign, is expected to be completed by October. The estimated R2m bill will be shared between Amcar, the Japanese parents of Mazda and Mitsubishi, and South African dealers.

Mr Spencer Sterling, Samcor's managing director, said yesterday the change was intended to give dealers a clearer market identity.

"Our dealers have accepted the new name with enthusiasm and we are sure that MMI will very quickly become a familiar name to all South Africans," he said.

Until now, Peugeot vehicles have been sold with Mazda and Mitsubishi through the Amcar dealership, and before that Sigma.

Mr Sterling said yesterday that Peugeot spares and service would continue to be available through MMI dealers.

He added that ways were being sought to improve Peugeot's performance in this country.

"Amcar and Automobiles Peugeot of France will study alternatives aimed at determining the most appropriate arrangements for Peugeot to adopt in order to recapture the position it enjoyed previously in South Africa," he said.

According to Amcar sources, these alternatives include a possible parting of the ways between Amcar and Peugeot.

One said yesterday: "Nothing has been decided at this time but that is one of the alternatives being considered."



R145-million signing forerunner for more European money d

# OVERSEAS Loan for

RRSUS 29/4/85

Political Staff

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SOUTH AFRICA has concluded a R145-million public bond issue in the Government's first international transaction of the 1985/86 fiscal year.

The deal, with German and Swiss banks as joint lead managers, was signed in Cape Town today by the Minister of Finance, Mr Barend du Plessis.

It is the forerunner of more such transactions to be completed in Europe soon.

Government officials are describing this as a shot in the eye for the disinvestment lobby overseas.

Mr du Plessis spoke at the signing ceremony today of "the esteem and credit-worthiness enjoyed by South Africa in the international capital markets" and of confidence in the economy's long-term growth prospects.

### Crucial role

He said: "In spite of attempts in recent months by forces ill-disposed towards South Africa, we do enjoy the support of thousands of investors who not only recognise this as an attractive investment country, but also acknowledge the crucial role that South Africa plays in the economic development of Southern Africa."

Today's deal is the first such transaction lead-managed jointly by Commerzbank and the Union Bank of Switzerland, with a consortium of 12 others co-managing.

It is for six years at a coupon rate of 12,5 percent with an issue price of 99,5 percent.

In this year's budget Mr du Plessis provided for an amount of R350-million for net foreign borrowing.

Mr du Plessis said the Government's foreign debt was R3 600-million (\$1 900-million) on March 31.

The level of foreign debt could not be regarded as excessive and amounted to 10 percent of the central Government's debt in 1984.

Between 1978 and 1984, he added, South African public sector borrowers had succeeded in reducing premiums payable above the London interbank offered rate to "very moderate margins".

● South African companies are being urged to ask their American contacts to lobby congressmen and senators to vote against any form of US disinvestment.

### Valid facts

The weekly bulletin of the Cape Town Chamber of Commerce calls on Cape Town companies — particularly smaller ones — to use their contacts in the United States to help "in shaping key American opinion on the question of disinvestment".

The bulletin quotes Asso-com's chief executive, Mr Raymond Parsons.

"It is possible by carefully marshalling valid facts to demolish or discredit almost every argument that has been advanced so far for disinvestment.

"Everyone in business must take action now before irrevocable decisions are taken by the United States Congress.

"People with contacts in the United States must urge these contacts to lobby their congressmen and senators to vote against any form of US disinvestment."

Mr Parsons suggests giving contacts an "objective, balanced assessment of the political and economic factors".

# U S corporations

NJM 30/4/85  
cut back S A

## (62) operations

**NEW YORK—** Citing declining profitability in South Africa, some American corporations have begun to cut back their South African operations.

But analysts and some company officials say that the increasingly militant campaign against American involvement in South Africa is also having an impact, the *New York Times* said yesterday.

Noting that in addition to internal pressure at home, American companies have to worry about the political situation in South Africa, the newspaper quotes Mr Landis McKeller, an economist at Wharton Econometric Forecasting Associates in Philadelphia, as saying: 'It would be difficult to imagine a worse operating environment for business.'

The article also notes that in a report to clients two weeks ago, Rinfret Associates, a New York-based consulting firm, warned: 'South Africa could deteriorate rapidly into another Rhodesia-like situation of protracted guerrilla warfare.'

'Corporations operating in South Africa should be prepared to write off the country if this occurs.'

'We are not pushing the panic button. But we are advising clients to be pre-

pared for the worst. It could happen at any time.'

The article says, however, that disinvestment could be 'a blunt instrument' since it affects only 300 American companies.

The article notes there are more than 5 700 other American companies doing business in South Africa, by selling products without opening their own offices. — (Sapa)

## Ackerman calls on SA businessmen to hit back

**Own Correspondent**  
CAPE TOWN — A five-point plan for businessmen to take a stand against the disinvestment campaign is advocated by Mr Raymond Ackerman, chief executive of the Pick 'n Pay supermarket group, in his annual report today.

"Although the motives of those who advocate disinvestment may well stem from good intentions, it is our view that such a policy can only lead to a hardening of attitudes and a state of economic retrogression which will harm all the people of South Africa."

To play a meaningful role against a disinvestment policy which, in his view cannot be beneficial for this country, it was important for businessmen to take a stand in:

- Seeking to persuade the Government to repeal discriminatory legislation, "one of the main causes of dissent and upheaval in South Africa".
- Implementing fair policies in their companies so that a living wage and equal opportunity are afforded to all workers.
- Improving training methods and job advancement programmes to assist in fulfilling the aspirations of black people in the business community.
- Not being afraid to speak up on the need to implement change in the country.
- To put forward positively what is being achieved in South Africa to create improvement in society.

# Disinvestment

**The Star Bureau**  
NEW YORK — The financial controller of New York state, Mr Edward Regan, has announced he will fight impending moves to disinvest part of the state's \$24 000 million pension fund from companies in business in South Africa.

The New York State Pension Fund is one of the largest in the US.

Mr Regan said he believed New York could best protest apartheid by continuing to invest in companies doing business in South Africa so that pension fund officers could then bring pressure on those firms for racial change.

The Governor of New York, Mr Mario Cuomo, has appointed a panel to study the issue of state divestment.

### Bank loans soar

NEW YORK — While some American corporations have begun to scale back their operations in South Africa, bank loans to the South African private sector have soared.

Lending by American banks to the South African private sector have jumped from \$495.2 million in June 1981 to \$1 100 million last September.

However, almost all American banks have stopped lending to the South African government and its agencies.

Figures put together by the Federal Financial Institution Examination Council and the Bank for International Settlements show that American bank loans to the government and its agencies have dropped from \$623 million in 1982 to \$343 million last year.

## Finance chief to fight pullout move

### Ban on fund

SACRAMENTO — A state assembly committee voted yesterday to prohibit future state pension fund investments in any of the 350 American firms that do business in South Africa.

"US investments maintain the apartheid system by providing South Africa with much of the capital needed to maintain the economy and make sure whites enjoy a high standard of living," assemblywoman Ms Maxine Waters told the public investments, finance and bonded indebtedness committee.

The committee voted 7-5 to send her bill to the ways and means committee.

But, lacking the votes, she dropped her related bill, which would have required the state pension funds to sell off their current holdings in firms with South African investments.

The pending legislation would prohibit pension funds from the \$25 billion Public Employees Retirement System and the \$13 billion State Teachers Retirement System from being invested in stocks or bonds of firms doing business in South Africa.

### College sells shares

NEW YORK — Dartmouth College has announced that it is selling about R4 million in shares in two companies that have business dealings with

South Africa, and protests against apartheid continued at Cornell and the University of California.

Elsewhere, nine people were arrested in Atlanta after an anti-apartheid protest at IBM's stockholders' meeting, and the Iowa legislature approved a bill to require divestment of state funds invested in companies doing business with South Africa because of apartheid.

Dartmouth trustees decided to sell holdings in the Republic Bank of Dallas and Kimberly-Clark Corp, said college president David McLaughlin.

The sales are not a response to campus pressure but are in line with the college's policies on investments in businesses with South African holdings, he said.

The college says the bank has indicated a willingness to lend to South Africa while Kimberly-Clark, which owns 39 percent of Carlton Paper Corp, has failed to demonstrate to the college that Carlton was complying with the Sullivan Principles.

In California, the mayor of Berkeley, an Oakland councilman and an Alameda County supervisor were arrested with nine other people at the Berkeley campus for blocking public entrances to University Hall, the headquarters for the University of California system. — AP.

# US banks still doing big loan business in SA

NEW YORK. — While most leading American banks have stopped lending to the South African Government, their lending to South African banks and the private sector has snowballed, the New York Times reported yesterday.

Since 1981, the banks' loans to South Africa's private sector have more than doubled, while loans to the country's banks have more than tripled, the paper says.

"Despite the growing uproar over American involvement in South Africa, most of the nation's biggest banks continue to do business there," it says.

Quoting figures compiled by the Federal Financial Institution Examination Council and the Bank for International Settlements, the Times said bank loans to the South African public sector fell from \$623m (R1 221,5m) in 1982 to \$343m (R672,5m) last September.

"The decline is especially striking

since most of those loans were made years ago. Fresh lending to the Government by American banks appears to have stopped.

"But very few banks — the First Boston Corporation being the notable exception — have gone the next step, prohibiting loans to the private sector as well," the report said.

But lending to the South African private sector has jumped from \$495,2m (R970,9m) in June 1981 to \$1,1bn (R2,15bn) last September, while lending to banks has soared from \$1,08bn (R2,11bn) to \$3,5bn (R6,86bn) in the same period, it said.

The report says most lending to banks is for financing trade with the understanding the money will not be available to the Government.

It notes that "some of the lending could be used by the Government, bankers concede privately, although they insist that the Government would be far more likely to borrow openly from European banks than surreptitiously from American institutions".

— Sapa.

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IN AMERICA

# Republicans walk out of SA hearing

... IN BRITAIN ...



Mr Neil Kinnock

## UK opposition leader supports programme of action against SA

Argus Foreign Service  
LONDON. — Mr Neil Kinnock, the leader of the Labour Party, has given his full support to the Anti-Apartheid Movement's radical 10-point programme of action against South Africa.

At a meeting with Archbishop Trevor Huddleston, president of the movement, Mr Kinnock also agreed to speak at the rally the movement is planning for Trafalgar Square on June 16 as a protest against the South African Government's "repression".

Today, Archbishop Huddleston is to see Sir Geoffrey Howe, the Foreign Secretary.

He will urge Sir Geoffrey to take action on the basis of the 10-point programme in an effort to end apartheid in South Africa and to bring SWA/Namibia to independence under United Nations Resolution 435.

The 10-point programme includes:

- The immediate breaking of diplomatic relations with South Africa.
- A ban on all new investment in South Africa and on the sale of Kruger Rands in Britain.
- The end of Government promotion of trade with South Africa.
- A ban on the sale of North Sea oil to South Africa.

### AGREEMENT

- The strengthening of the arms embargo.
- The end of the no-visa agreement between Britain and South Africa.
- A ban on imports of coal and uranium from South Africa, together with a programme to end British dependence on South African minerals.
- A ban on the purchase of South African goods by Government departments.

Argus Foreign Service

WASHINGTON. — Republican congressmen walked out of a US House of Representatives committee hearing when an attempt by one of them to soften sanctions legislation against South Africa was rejected by Democrats.

After the Republicans had left, the Democrats unanimously approved the Kennedy-Gray Anti-Apartheid Act of 1985, sending it on its way to certain adoption by the full House.

Before it reaches the floor of the House, it must go through the formality of approval by the House Foreign Affairs Committee — probably tomorrow.

The Kennedy-Gray legislation would ban US bank loans to the SA Government and its corporations, prohibit new private American investment in SA, stop the sale of kruger Rands in the US, and bar the export of American computers to SA unless they are for schools.

A similar Bill has been introduced in the US Senate.

The hearing was a joint sitting of two House subcommittees that deal with African affairs and international trade. Both have Democratic majorities and chairmen.

### Recently visited SA

After a number of technical amendments to the Kennedy-Gray Bill had been approved, Congressman Mark Siljander, a conservative Republican who recently visited South Africa, outlined anti-apartheid legislation of his own.

It, too, envisages tough sanctions against SA — but only if a specially-appointed commission finds after three years that no substantial progress has been made in eliminating apartheid.

If that is its finding, it can recommend all the sanctions in the Kennedy-Gray Bill as well as "changes in diplomatic relations". The Bill includes forced adherence by US companies to the Sullivan Code and the funding of millions of dollars to help black education, trade unions, business and political advancement.

The Democrats rejected the measure immediately, saying that after 37 years of Nationalist rule it was a waste of time to spend three years studying apartheid which had just got worse. The time for sanctions was now.

Congressman Stephen Solarz of New York said the Siljander measure was a classic example of the thinking that had produced the Reagan policy of constructive engagement — "too little and too late".

Congressman Howard Wolpe of Michigan said it was merely a way of trying to avoid sanctions. But sanctions were needed this year as the US answer to increased oppression in SA which included police brutality, the charging of 16 UDF members with high treason and the firing of 21 000 black workers after a strike.

As soon as the measure was rejected, Congressman Siljander walked out, joined by his Republican colleagues, Congressmen Dan Burton of Indiana and Michael DeWine of Ohio.

MM 1/5/85  
**Committee  
votes against  
investments**

SACRAMENTO—A State Assembly committee voted yesterday to prohibit future State pension fund investments in any of the 350 American firms that do business in South Africa.

62  
'U S investments maintain the apartheid system by providing S A with much of the capital needed to maintain the economy and make sure whites enjoy a high standard of living,' Assemblywoman Maxine Waters told the Public Investments, Finance and Bonded Indebtedness Committee.

The committee voted 7-5 to send her Bill to the Ways and Means Committee.

But, lacking the votes, she dropped her related Bill, which would have required the State pension funds to sell off their current holdings in firms with S.A investments. — (Sapa-AP)

# World Briefs

## No to Investment in SA

*stave* *Soweto* *1/5/85* *(62)*  
SACRAMENTO, California — A State Assembly committee voted this week to prohibit future state pension investments in any of the 350 American firms that do business in South Africa.

"US investments maintain the apartheid system by providing South Africa with much of the capital needed to maintain the economy and make sure whites enjoy a high standard of living," assemblywoman Maxine Waters told the Public Investments, Finance and Bonded Indebtedness Committee.

The committee voted 7-5 to send her bill to the ways and means committee — Sapa-AP.

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emidalto: Piet Crous's celebration party after he  
ained his WBA junior heavyweight title, a weekend  
orts preview, the Boxer of the Month Competition  
ed an interview with boxer Arthur Maysela.  
mathen/Undaba — Mionent/Magazine).

~~2 Cape Times, Wed~~ 62

**US call  
for SA  
sanctions**

WASHINGTON. — Two foreign affairs sub-committees of the House of Representatives yesterday approved economic sanctions against South Africa in an attempt to pressure it to abandon apartheid.

The bill, approved on a voice vote, would prohibit new US investments in the country and bar the sale of computers or bank loans to the government. It also would halt importation of South African gold coins into the US.

The sanctions are contained in one of more than 20 bills condemning apartheid that have been introduced into the House this year. Similar measures are pending in the Senate.

Last year, the House approved similar proposals but failed to win Senate approval.

However, this year there is wider support in both houses with growing criticism of apartheid in the US since the virtually daily demonstrations began at the South African Embassy last year. — Sapa-AP

**Why  
with Juli  
when I**



# Nickel calls for more reforms

CAPG Times 2/5/85 62

By RENEE MOODIE

THE United States Ambassador, Mr Herman Nickel, yesterday said he was confident President Ronald Reagan would stand firm against pressure for disinvestment, but called for the help of South African business in the battle against disinvestment.

Giving the keynote address at the opening of a two-day conference on social responsibility in business organized by the Public Relations Institute of South Africa (PRISA), Mr Nickel said a diminished American role in South Africa would neither aid the reform process nor be helpful to joint efforts at regional stabilization.

Addressing about 150 businessmen, academics and public relations experts from all over the country, Mr Nickel said: "We need to be able to say to the American people that progress is being made in South Africa."

"We need to be able to say that black employees of your companies have access to housing, educational opportunities and goods and services consistent with their salaries."

## Straitjacket of apartheid

Mr Nickel said there was probably no place in the world in which the social responsibility of business had faced greater challenges than South Africa.

He said it was not surprising that South African companies had been in the forefront of the reform process, as business could not thrive within the straitjacket of apartheid.

"Apartheid remains the single greatest barrier between the South Africa of today and the bright economic future which we all hope tomorrow will bring. How corporations respond to that challenge will shape and instruct your future, the region's future and the future of our relationship."

Mr Nickel said mounting political pressure in the US to "do something in South Africa reflected some of the deepest aspirations of the American political consensus" and it spoke for the millions of Americans who found apartheid morally repugnant and politically insensitive.

# R670 m in S A ties to be cut

**SAN FRANCISCO**—The San Francisco City Retirement Board, which pays pensions to former city workers, has voted to gradually withdraw about R670 million in investments in U.S. companies doing business in South Africa.

The 5-2 vote came five months after city residents voted overwhelmingly in a referendum to withdraw city funds from African ties because California students have staged sit-ins and rallies demanding their universities withdraw their investments in companies doing business in South Africa because of apartheid.

## Decision 2/5/85

The retirement board decided its funds, invested in a total of 300 companies, would be withdrawn gradually from those doing business with South Africa during the next two years. It added a rider saying that if a withdrawal conflicted with any prudent investment of funds, the policy may be modified accordingly.

The board decision had the support of San Francisco Mayor Dianne Feinstein who earlier this month told her stockbroker to withdraw her investments, worth up to R600,000, in four companies doing business with South Africa.

A report from New York said nearly 200 students rallied at Yale University yesterday to call for the university to withdraw investments in companies doing business in South Africa.

Yale's administration, which says it closely watches its investments in such companies, rejected the protesters' calls for a public debate. Yale's students continued at the University of California and at Rutgers in New Jersey. (Sapa-Reuter-AP)

# US committee in anti-SA vote



Senator Edward Kennedy

By NEIL LURSEN  
Argus Foreign Service

WASHINGTON — A plan to impose economic sanctions on South Africa passed an important milestone in the US House of Representatives when the House Foreign Affairs Committee approved it by 29 votes to six.

The measure adopted was the Anti-Apartheid Act of 1985 — the key effort this year by Democrats, with some Republican support, to punish South Africa for its race policies.

The Act, introduced in the House by Congressman Bill Gray of Pennsylvania and in the Senate by Senator Edward Kennedy of Massachusetts, has four main provisions

- A ban on bank loans to the South African Government and its corporations;
- An end to new US investment in the private sector;
- A prohibition on Kruger Rand sales in the US;
- A ban on the export of US computers.

### Easy hurdle

Four Republicans were among the 29 members who voted for the sanctions. All six opponents were Republicans.

The sanctions face only one more easy hurdle in the lower chamber of Congress. They must go to the vote on the floor of the House where approval is a certainty. Congressional sources say this could happen in as little as two weeks.

House approval does not mean that the sanctions will become law. They must still get through the US Senate, where their fate is less certain.

While the House committee was approving the sanctions, members of the Senate Foreign Relations Committee were examining them in another committee room.

At this meeting, Dr Chester Crocker, President Reagan's chief Africa policy-maker, had an acrimonious exchange with Democratic Senator Paul Sarbannes of Maryland.

When Senator Sarbannes, a persistent critic of constructive engagement, asked how Dr Crocker could defend his policy when thousands were demonstrating against it, Dr Crocker retorted: "There are a lot of people that are on the moral equivalent of a free lunch" — the implication being that they had no personal stake in the situation in South Africa.

## Pik denies SA is downgrading links with US

Parliamentary Staff

THE Minister of Foreign Affairs, Mr Pik Botha, has strongly rejected reports that South Africa is downgrading its links with the United States by appointing a comparatively younger man as Ambassador to Washington.

The appointment of Mr Herbert Beukes, 43, who was the number two at the Embassy, was announced yesterday. He is to replace Dr Brand Fourie, who took over the post after retiring as Director General of the Department of Foreign Affairs.

Responding to reports that the US considered the appointment as a downgrading of links, Mr Botha said: "Any suggestion of this nature amounts to an insult to the South African diplomatic service."

Mr Beukes joined the Department of Foreign Affairs in 1966 after working as a lecturer at the University of Stellenbosch and as a journalist on the Burger.

ARGUS 3/5/65

~~62~~ 62

## Ford stops production during PE plant strikes

Argus Bureau

PORT ELIZABETH. — Ford Motor Company is to close down its entire manufacturing operation here next week because of strikes this week at component suppliers.

Only administration sections will continue to function.

This week workers at two Eastern Cape motor component industries downed tools over the same wage issue that halted production at the three motor manufacturing plants.

Mr Bob Kernohan, Press relations manager at Ford, said the company was critically short of vital parts and by early today assembly lines were cripplingly slow.

He said the shortage of parts was a result of industrial action at component manufacturing industries, and Ford had no option but to close its plants from noon today.

### VOLKSWAGEN

As Volkswagen SA's entire range consisted of front-wheel-drive vehicles it had not been affected by the plant closure at Borg Warner, which manufactures rear driving axles, Mr Graham Hardy, communications' manager at VW, said today.

Production at Borg Warner in Uitenhage ground to a halt yesterday when workers downed tools after demanding an interim wage increase. Borg Warner supplies rear driving axles to General Motors and Ford.

Mr Bob Holcombe, treasurer-controller at Borg Warner, said the company had suffered "substantial losses" since the workers went on strike at midday yesterday. Management would negotiate with shop stewards over the interim wage increase today, he said.

It could not be established whether General Motors would also be forced to close, but it is believed that the company's production will be affected.

Export chief sounds a gloomy warning

# SA starts counting the cost of US campaign

By WINNIE GRAHAM

THE US disinvestment campaign is beginning to take its toll on South African trade.

The director of Export Trade and Promotions, Mr Sarel Kruger, warned yesterday that boycott action had led certain influential distributors in the US to shy away from marketing SA products.

Speaking at a Johannesburg seminar on export trade to the US, he said growing anti-SA feeling was manifesting itself.

"We can already detect a restraining influence on trade brought about by the new Country of Origins regulations which came into operation on January 1," he said.

Other examples were the relatively small advertising budgets and the reluctance of SA firms to use more aggressive promotional methods; the relatively high freight costs especially on "low priced-high volume" products, the high cost of air travel and other inhibiting factors.

The US, he said, had become SA's most important export market with Switzerland, Japan and Britain ranking second, third and fourth respectively.

SA, however, supplied only 0,78% of the United States total imports in 1983 and ranked 23rd in importance as an overseas supplier.

"The US is the greatest single market in the world and it is abundantly clear the market offers vast potential for SA exporters provided they do not shrink from the political turmoil which our country is facing in parts of the US."

An analysis of the 'Top 10' commodities in SA's export trade with the US, he said, showed that non-ferrous metals, Krugerrands, non-metallic mineral manufactures, steel and inorganic chemicals represented more than 80% of the total exports to the US in 1984. A diversification of our export package to the USA should therefore receive top priority.

Mr Kruger said the strength of the

US economy had increased the buying power of that country so much there was now talk of the imposition of an import surcharge. The relatively low ruling rand/dollar exchange rate as compared with other currencies, however, still made South African products very competitive as far as foreign purchases in that country were concerned.

In spite of these inhibitions, he added, South African exporters were showing increased interest in the US market and American firms were also interested in our products.

He listed these export commodities as having shown increases over the past five years. South African exporters could make even bigger inroads:

PRODUCT	1984 (\$ MILLION)
Fruit and vegetables.....	46,9
Raw textile fibres and waste (excluding wood tops).....	24,7
Organic chemicals.....	17,0
Inorganic chemicals.....	160,7
Yarns, fabrics, textile articles.....	12,6
Wearing apparel, accessories.....	18,7
Leather.....	6,8

The chairman of Barlow Rand, Mr Warren Clewlow, who is vice-chairman of the South African Foreign Trade Organisation, told the seminar, however, that the campaign was "heightening US interest in South Africa".

Some South African exporters had substantially increased their business with the United States, particularly foodstuffs, chemicals and allied products, textiles, clothing and materials.

Speaking during the seminar, Mr Ronnie Lubner, the chief executive of Solaglas International, said that the depressed economy provided "the worst possible conditions" for South African companies to embark on an export drive.

South Africans turned to exports when business was bad hoping it would provide the "magic" that would set things right.

"But companies should look at exports when conditions are good and the rand is at 80 cents to the dollar," he said. "If they succeed then, they will have proof they will succeed when times are normal."

TOPIC



Police have arrested 112 anti-apartheid protesters who were blocking the entrances to University Hall, headquarters of the University of California system in Berkeley.

Those arrested were

part of a crowd of about 1 000 student demonstrators demanding that the sprawling nine-campus system of the University of California divest the R3,4-billion it has invested in corporations that operate in South Africa.

Also arrested were Angela Davis, the radical activist of the 1960s and 70s (shown raising her fist in the picture) and the Rev Cecil Williams, a prominent San Francisco civil rights campaigner. Both had addressed the

demonstration.

The arrests, almost all of which were voluntary, bring to 391 the number of arrests at the university's Berkeley campus alone since the anti-apartheid protest started there on April 10.

### Ignoring Sullivan

Some US corporations operating in SA are nowhere near adhering to the Sullivan Code. One US company in Natal, for instance, is paying its labourers 80% less than the code stipulates.

Citing the generally enlightened employment practices adopted by US companies in SA, Reagan officials recently rebuffed congressional moves to have the Sullivan Code made mandatory for all US companies in SA.

At last count there were some 300 US firms doing business in SA, of which about 135 had voluntarily signed the code. Attitudes among non-signatories towards the code are distinctly ambivalent. As far as employment practices are concerned, there is little to distinguish them from their SA counterparts or any other foreign investors.

One company that has not signed is Tidwell Housing, a manufacturer of factory-built homes near Ladysmith. It is now coming under intense attack by the Metal and Allied Workers' Union (Mawu).

An investigation by Mawu shows that in August last year Tidwell was paying unskilled black factory workers an average wage of R78/month compared with the recommended Sullivan minimum of R355/month.

Management confirms the general accuracy of Mawu's figures, though they won't discuss exact wage levels. They do say, however, that since February workers' wages have been increased by "in excess of R5/week." That does not materially alter the picture. Even at these levels they are still far behind recommended minimum levels.

Mawu's Geoff Schreiner says these "exploitative wages" are being paid because the factory is in the decentralised industrial area of Pieters, built on trust land which is scheduled for incorporation into KwaZulu. As such the Labour Relations Act and Basic Conditions of Employment Act, which govern minimum wages and official wage determinations in SA, have been suspended by government proclamation R84.

Schreiner maintains that employers are using the transitional status of Pieters to escape the main provisions of labour law as it is applicable in SA.

In fairness to Tidwell, it is not the only employer paying low wages. Schreiner con-

firms that a group of employers known as the Ezakheni Employers' Association, with few exceptions, pay similar wages. By contrast, employers in Ladysmith proper generally pay much higher wages.

Lasher Tools, for example, a US company and Sullivan Code signatory, pays a starting wage of R77,85/week compared with Tidwell's new average weekly wage of around R23. Dunlop pays R76,95/week.

Tidwell MD Richard Rebone claims the examples quoted by Mawu are not representative. He says he has yet to see an accurate survey of the average wage paid by Ladysmith industrialists. Moreover, he believes that the wages paid by Tidwell at Pieters are "higher than most, if not the highest, in the region when all things are considered." In addition, he says he has tried without success to get guidelines from government on recommended minimum wages.

Predictably, Tidwell's wage policy has brought it into conflict with the union which has been organising its workers. When workers confronted management with wage demands during a work stoppage last year, five shop stewards, and later the entire work force, were fired. Some were selectively re-employed but Schreiner claims others with union connections were debarred.

Mawu is now suing the company in the Durban Supreme Court for their reinstatement under a clause in the Wage Act which provides that workers may not be victimised for union activities. While most labour law has been suspended at Pieters, Schreiner contends that the Wage Act is still applicable.

That may be arguable. But the matter is deemed sufficiently serious to attract the attention of the American Embassy which officially supports adherence to the Sullivan principles. Labour attaché Nicholas Stigliani says he and the company have exchanged views. But as the matter is a "private one between the union and the company," he says there is little the embassy can do besides "offering some moral suasion."

An important argument here, of course, is that it seems more important for people to have a job, even at underpaying Tidwell, than to have no job at all.

# US group to sell stake in SA giant

By PATRICK McLOUGHLIN

US MINING group Phelps Dodge is putting its 44,6% stake in giant South African base metals producer Black Mountain on the market for about \$75m, according to a senior group source.

A deal could be resolved within the next two months.

A spokesman for Gold Fields of South Africa — which owns the remaining 55,4% of the equity — last night described Black Mountain as “the leading company of its kind in the world today”.

He added: “Not too many base metal companies are making such profits.”

The mine was the star of the GFSA base metals mines in the December quarter with a 43% rise in net profit.

Sales revenue jumped by 25% to R34,7m for the period (1984:R27,8m) and net profit moved from R8m to R11,7m.

The chairman of Phelps Dodge, Mr George Munroe, said five “interested parties” — all groups outside the US — were looking to buy the interest in the north-west Cape mine.

According to mining industry observers, Phelps Dodge has been desperately short of cash for some time and is having a torrid time in the US copper market.

Mr Munroe declined to reveal the identities of the suitors or the price being asked, although he said that it was “well over R100m”.

He said Black Mountain had been an excellent undertaking from the beginning and had operationally always made good money.

His company discovered the ore body and in the late 1970s entered into an agreement with GFSA which then became majority stockholders and managers of the project.

“Black Mountain was highly geared from the start (initial development costs were pegged at about R190m) but when South African interest rates began rising it had a lot to cover.”

“It’s now making money so presumably that will be reflected in the price we get.”

Mr Munroe said that there was no question of GFSA — which in terms of the original shareholders’ agreement has first right of refusal — being able to match the offers of the other interested mining groups. But it was a question of GFSA’s evaluation of the selling price.

Asked if another South African mining house were among the suitors, Mr Munroe said: “It’s possible.”

Mr Dru Gnodde, chairman of Black Mountain and deputy chairman of GFSA, said his group was not negotiating with Phelps Dodge, but was waiting for the group to “come to us”.

“Black Mountain has been in and out of profits for a long time. In the last two quarters it made just under R12m a quarter.”

“We would hope it will make significant profits this year if base metal prices remain where they are in rand terms,” he said.



Cape Times  
4/5/85  
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# Disinvestment: Fosatu policy

By RIAAN DE VILLIERS  
Labour Reporter

THE Federation of South African Trade Unions (Fosatu) supported the current disinvestment campaign against South Africa as it believed that "pressures of this kind should be brought to bear on the government", a top Fosatu official declared last night.

Fosatu would also "wholeheartedly" support total disinvestment — including the withdrawal of foreign companies at present operating in South Africa — if it could be given the assurance that this would bring about the changes desired by workers, Mr Joe Foster, general secretary of the powerful federation of independent unions, said.

However, this was "unclear" and it had "reservations" about whether these changes would be brought about by disinvestment alone.

Spelling out official Fosatu policy on the is-

sue for the first time within South Africa, Mr Foster said it was also "not in favour" of the withdrawal of foreign companies operating in South Africa at this stage.

"We have a lot of members at foreign companies such as Ford, General Motors and Volkswagen. We have no mandate from our members there to say they must withdraw, and it would make no sense to advocate their withdrawal at this stage.

"Workers have a vested interest in those factories, and we in fact believe we are part-owners of those factories.

"In any case, I don't think workers would want to inherit a bankrupt country," he said.

But he added that Fosatu might call for their withdrawal in future if this came to be "in the interests of workers".

Mr Foster's comments followed widespread interest in a speech on the issue by another top Fo-

satu official this week.

Mr Alec Erwin, Fosatu's national education secretary, reportedly told a Durban audience that foreign multinational companies in South Africa should not be allowed to pull out their investments. They had become part of the social structure and should remain.

"The workers helped build companies like Ford," he was quoted as saying, and added that he did not believe that withdrawal of foreign investments would correct South Africa's problems.

Mr Foster said yesterday his remarks reflected official Fosatu policy as determined by internal discussions.

## Incorrect

He confirmed that these were the first public statements on the issue by Fosatu officials but added that he had stated Fosatu policy in these terms on "numerous occasions" overseas.

He said Mr Erwin's reported remarks "broadly" reflected this policy. "But any impression the report may have created that Fosatu is opposed to disinvestment, is incorrect," he added.

Prominent trade unionists in the Western Cape yesterday expressed interest in the statement but would not comment. Mr Erwin could not be contacted for further comment.

# Apartheid demos in full spate

NEW YORK — Forty-six elderly people were arrested yesterday in an anti-apartheid protest in Berkeley, California, and three men were arrested in Boston when they demonstrated against the sale of Krugerrands.

In Florida, legislators voted 5-2 for a plan that would have the State disinvest nearly \$3.6 billion in holdings among companies that do business in South Africa and reinvest in other companies.

Three people were arrested in Boston on charges of trespassing at the currency exchange firm Deak-Perera after a sit-in to protest the sale of Krugerrands.

A rally was planned for Friday at Rutgers University, New York, where students plan to demonstrate outside a board of governors meeting. —Sapa-AP.

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# Disinvestment moves prove risky for US pension funds

(62) Star 7/5/85

WASHINGTON — Pension fund officials in 20 US states and cities have sold more than \$200 million worth of stock in blue chip companies in the past two years in the name of divestment in South Africa.

The companies include IBM, Exxon, General Electric and General Motors.

The officials have taken a gamble by shifting pension fund holdings to more volatile investments at a time when the funds face enormous liabilities and must increasingly rely on investment income to pay retirement benefits owed to millions of American workers.

The movement is spreading. At least 20 more states and cities are considering proposed divestment legislation.

Even proponents of divestment acknowledge that it can be a risky strategy, both legally and financially, and that it could do more harm to public retirement systems in the US than to South Africa, where American business accounts for only about three percent of all investments.

The question is whether divested public pension funds can meet legal obligations to beneficiaries while satisfying the concerns of apartheid foes. Can they generate the income they need if they are prohibited from investing in the more than 30 percent of America's blue chip corporate giants that do business in South Africa?

The firms represent nearly 50 percent of the market value of America's major corporations.

Critics argue that elected officials who call for divestment are putting politics before prudence and abdicating their fiduci-

ary responsibility to the 14 million current and future beneficiaries of public retirement systems.

Supporters and critics of divestment agree that the movement has had some impact on American firms with SA ties.

But there are other signs that divestment has not slowed the pace of investment in SA.

Loans from US banks to the private sector in South Africa rose from \$608 million in 1981 to \$939 million by the end of 1984, says the Federal Reserve.

One response to all the political and economic uncertainties surrounding the divestment movement has been partial divestment by some states and cities, such as Connecticut and New York City.

They have adopted policies enabling them to retain investments in companies that follow a voluntary code, the Sullivan Principles, that calls on them to practise fair employment and work for an end to racial discrimination.

One of the most comprehensive critiques of total divestment was published early this year by the Investor Responsibility Research Group, a Washington organisation founded 13 years ago to inform churches and foundations on how corporations were responding to social policy issues.

The critique summarised nine reports by financial analysts on divestment and concluded that for state and local pension funds "divestment will have a detrimental effect over the long-term on portfolio performance". — *Washington Post*.

# PFP caucus frowns on Govt-financed MP's trip

## Political Staff

MR HORACE van Rensburg MP (Bryanston) is out of step with the Progressive Federal Party caucus again — this time over a trip to the United States to oppose the disinvestment campaign.

Mr van Rensburg informed the PFP caucus only days before he was due to leave that he was to be sponsored on a trip to the US by the Department of Foreign Affairs.

The leader of the PFP, Dr F van Zyl Slabbert, said today the caucus decided that although it was in favour of actively fighting disinvestment, it could not support the use of Government money to pay for trips to do so.

"It was felt it would be more effective if we did so under our own steam and terms," he said.

## Eve of departure

"This was conveyed to him virtually on the eve of his departure and he had obviously made a number of arrangements by that stage which he could not cancel."

Mr van Rensburg today declined to comment.

Mr van Rensburg and his wife, Mrs Pat van Rensburg, the MPC for Bryanston and a Randburg town councillor, have been a source of controversy in the PFP for some time.

They failed to attend the PFP Transvaal congress last year, following Mrs van Rensburg's suspension from the PFP Randburg town council caucus over a dispute on mixed amenities in the town. She was later re-admitted.

The MP for Bryanston is known to be on the conservative wing of what he himself has termed the "PFP coalition".

# Apartheid: Old folks in demo

Sawetan 8/5/85

(62)



**NEW YORK —** Forty-six elderly people were arrested in an anti-apartheid protest in Berkeley, California, and three men were arrested in Boston when they demonstrated against the sale of Krugerrands.

In Florida, state legis-

lators voted for a plan that would spur Florida's disinvestment from South Africa.

Protests against apartheid also continued in Iowa, New Jersey and New York.

Florida's state senate governmental operations committee voted 5-2 in favour of a bill that

would give state government five years to pull out any money invested in companies or banks that do business in South Africa.

The measure would mean that the state board of administration would have to disinvest nearly R3,6-billion in state holdings from foreign and domestic companies that do business in South Africa and reinvest the money in other companies.

The 46 demonstrators were released after they

blocked the entrance of university hall at the University of California at Berkeley, a spokeswoman for the university said.

The demonstrators, like hundreds of others at Berkeley, demanded that the university disinvest R4,8-billion.

The new arrests brought to 456 the number of people apprehended since the anti-apartheid demonstrations began at the university on April 10.

# Disinvestment 'will not help'

By Neil Lurssen, The Star Bureau

WASHINGTON — While a major American political research group claimed in a new study that disinvestment would strengthen rather than weaken apartheid, activists today forced a Washington shop selling Krugerrands to close its doors for the second day.

These are were among the latest developments in the growing row over US ties with SA as concerned groups on either side of the issue try to influence the US congressional debate on economic sanctions.

Others include a decision by Washington's Smithsonian Institution to examine its investments in companies that do business with South Africa, and a vote by the trustees of Georgetown University here to liquidate their investments in companies that fail to sign the Sullivan Code.

The new study on disinvestment comes from the Heritage Foundation, a Washington-based "think-tank" with strong ties to the Reagan Administration.

Noting that few, if any, Americans defended SA's "brutalising racial separation", the study said that disinvestment would be a serious mistake.

The report said: "It would penalise SA's blacks and actually make the dissolution of apartheid more difficult. Disinvestment is based on a a misreading of the process of change in SA, and an historically un justified confidence in the effectiveness of boycotts."

# Sullivan calls for embargo if apartheid continues

Argus Foreign Service

LOS ANGELES. — The author of the Sullivan Code, the Rev Leon Sullivan, has called for a total US economic embargo on South Africa "if apartheid has not ended legally — and in practice — within the next 24 months".

Mr Sullivan has also demanded that, in the meantime, a variety of economic sanctions should be used to exert pressure on those US companies that fail to comply with the code to leave South Africa.

Writing in the Los Angeles Times, he says: "I would rather see 50 US companies remain in South Africa aggressively promoting equal rights, and actively opposing apartheid, than 300 firms using the Sullivan Principles as camouflage for business as usual."

Mr Sullivan, a Philadelphia minister, civil rights activist and the first black member of the board of directors of General Motors — initiated the Sullivan Code eight years ago as a means to exert pressure on US firms to push for social change.

## Tougher demand

Essentially the principles are an equal rights code designed to improve the living standards of black employees of American firms in South Africa.

A tougher demand which requires US companies to actively

lobby against apartheid was recently added.

The adoption of a time-table to impose a total US economic embargo, which reflects a new, politically more vigorous stance, does not mean that he has abandoned his own guidelines.

He believes the Sullivan Code is working and that it is responsible for having started "a revolution in industrial race relations across South Africa".

But, he writes, "the pace of change is far too slow."

Mr Sullivan notes that more than 100 US companies in South Africa still do not support the principles, and that some that claim to be supporters are dragging their feet.

## Leave South Africa

He adds: "All US companies should fully implement the principles, and those that fail to do so should be pressured to leave South Africa."

Mr Sullivan calls on the US Congress to make the new version of the principles mandatory for all American companies in South Africa, "backed by embargoes, sanctions and other penalties for non-compliance".

He further calls for a moratorium on all US economic expansion in South Africa until apartheid is officially ended.

"There should be an end to the sale of the Kruger Rands in this country, and to the sale of any US equipment, materials or services to the military or police, backed by Congress with embargoes, sanctions and other penalties.

Mr Sullivan adds: "It is clear now that a timetable is necessary for conclusive action in South Africa. Lives are being lost daily, and the nation is on the threshold of revolution.

"It is my view that if apartheid has not ended legally — and in practice — within the next 24 months, South Africa should be faced with a total US economic embargo, which I hope would be followed by other nations."



CAP-1016 8/15/88  
Sullivan  
sets new  
conditions

Own Correspondent

NEW YORK. — The creator of the Sullivan principles is now calling for full American economic sanctions against South Africa if apartheid is not "legally and actually" ended within 24 months.

This should include a total withdrawal of American business, says the Rev. Leon Sullivan, who maintains his equal-rights code for United States business is working, but not fast enough.

In an re-appraisal published yesterday, he supported proposed bills to ban new US investment in the Republic but also urged Congress to make the recently-amplified Sullivan principles mandatory for all US companies in South Africa — "backed up with embargoes, sanctions and other penalties for non-compliance".

He urged that non-American companies active in both the Republic and the US "should be required to follow stringent equal rights principles in South Africa, or face severe US import restraints".

# Sullivan takes harder line

If apartheid has not ended legally — and in practice — within the next 24 months, South Africa should be faced with a total US economic embargo.

So says the author of the Sullivan Code, the Rev Leon H Sullivan, in his toughest stance to date on US corporate responsibility in South Africa.

Mr Sullivan has also demanded that, in the meantime, a variety of economic sanctions should be used to pressure those US companies that fail to comply with the Sullivan Code to leave South Africa.

In an article in the *Los Angeles Times*, he writes: "I would rather see 50 US companies remain in South Africa aggressively promoting equal rights, and actively opposing apartheid, than 300 firms using the Sullivan Principles as camouflage for business as usual."

Mr Sullivan — a Philadelphia minister, civil rights activist and the first black member of the board of directors of General Motors Corporation — initiated the Sullivan Principles eight years ago as a means of persuading American firms to push for social change.

Essentially the principles are an equal-rights code that is designed to improve the living standards of black employees of American firms in South Africa.

A tougher demand which requires US companies to actively lobby against apartheid was added recently.

Mr Sullivan's adoption of a time-

Star 9/5/88  
Timetable set for an end to apartheid — because the pace of change is far too slow... far more must be done by US and foreign firms".



Sullivan . . . ultimatum.

table to impose a total US economic embargo, which reflects a new, politically more vigorous stance, does not mean that he has abandoned his own guidelines.

He believes that the code is working and is responsible for having started "a revolution in industrial race relations across South Africa".

But, he writes: "The pace of change is far too slow... far more must be done by US and foreign firms — and much, much faster."

Mr Sullivan notes that more than 100 US companies in South Africa still do not support the principles and that some that claim to be supporters are dragging their feet.

He says: "All US companies should fully implement the principles, and those that fail to do so

should be pressured to leave South Africa through total divestment actions, stockholder resolutions, boycotts or other means."

Mr Sullivan calls on Congress to make the new version of the code mandatory for all American companies in South Africa, "backed by embargoes, sanctions and other penalties for non-compliance".

He further calls for a moratorium on all US economic expansion in South Africa until apartheid is officially ended.

"There should be no new investments or bank loans to the South African Government or its agencies," he writes. "There should be an end to the sale of the Krugerrand in this country and to the sale of any US equipment, materials or services to the military or police, backed by Congress with embargoes, sanctions and other penalties."

Mr Sullivan concludes: "It is clear now that a timetable is necessary for conclusive action in South Africa. Lives are being lost daily and the nation is on the threshold of revolution."

"It is my view... that if apartheid has not ended legally — and in practice — within the next 24 months, South Africa should be faced with a total US economic embargo, which I hope would be followed by other nations."

# No blue jeans as the elderly protest against apartheid

The Star's Foreign News Service

LOS ANGELES — For weeks now the lunchtime arrests outside the headquarters of the University of California have become a familiar occurrence.

Earlier this week, however, the protest was conspicuous for the absence of blue jeans. *SN 9/5/68* Instead, there were grey heads and placards with slogans like "Gray Panthers for divestment" and "Elderly against apartheid".

Amid cheers from their more than 200 supporters, 46 senior citizens representing groups of the elderly

in San Francisco's Bay Area were cited and released after blocking the entrance of the university hall.

Among them were Mr. Jules Seitz and his wife Helen, both in their 70s, whose arrests coincided with their golden wedding anniversary.

Of the arrests, Mrs. Seitz later said: "It was an opportunity to make a statement to the university that grey-haired people are equally concerned, along with the students, about the injustice of not divesting the university's tremendous investments in companies that do business in South Africa."

It was a similar issue that marked the start of the couple's courtship more than a half century ago.

When she first saw her husband they were both

travelling by train to Washington, DC to lobby for social security legislation.

As soon as they arrived the delegation went for breakfast to the nearest all-night coffee shop.

But no sooner had they been served, she said, than Jules Seitz came to their table to inform them that they were leaving. Their black delegates had been refused service, he told them.

"I've been subject to discrimination myself," said Mr. Seitz, who comes from a Jewish background.

"So I know what it is."

Today Mr. Seitz is a leader of the Berkeley chapter of the Gray Panthers, an activist group of senior citizens.

# Nickel calls for help to combat disinvestment



Nickel . . . "the job is not finished".

wrong and, equally important, they are a promise held out by the best of business thinking to a concerned world.

The codes are also a medium for business to communicate with government. While corporations have no political mandate, they have every right to inform political leadership about their needs.

The latest iteration of the Sullivan Code, which calls on American companies to engage in active lobbying against apartheid laws, has raised some eyebrows. However, American companies, as corporate citizens and as South African taxpayers, also have a right to make their concerns known.

In this respect the American Chamber of Commerce has taken the same line as that set out by several South African employers' organisations in

**'The simple fact is that racism and efficient, modern capitalism cannot co-exist.'**

making representations to the Government.

One of the most important reasons for expressing these views now is that the best way to fight disinvestment is to produce positive news from South Africa.

In the face of calls for punitive economic measures, whose effect we see as primarily negative, the word that fair labour practices aimed at overcoming a bitter heritage of repression are at work in South Africa is an antidote.

We believe that support for enlightened business practice in South Africa

United States Ambassador Mr Herman Nickel spoke at the recent conference on social responsibility of business held by the Public Relations Institute of South Africa. This is an edited version of that address.

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is the moral position to take. We see no way to justify fewer job opportunities in the Republic when more are so desperately needed.

Even those who would propose limited-period disinvestment are more than a little disingenuous and unrealistic — the argument that investment can be turned off now to be turned on again at some undefined future date requires more than normal dose of economic naiveté.

Disinvestment presents itself as a "moral" rather than a political policy. It arrogates to itself exclusivity in the battle against discrimination and labels those who oppose it as mere participants in the system motivated by nothing more than the desire for profit.

It is not well thought through with respect to its political consequences and takes little account of our joint efforts to create regional security in Southern Africa.

It is also poorly thought through in terms of applied morality. For in applied morality one has to consider the likely results of a policy. Good intentions, as we all know, pave the way to hell.

But there is a second fact which I must bring to your attention. The mounting political pressure to "do something" is real and reflects some of the deepest aspirations of the American political consensus.

It speaks for the millions of Americans who find apartheid morally repugnant, politically insensitive and a moral issue on which the Manichean confrontation of good and evil is the only possible outcome.

The desire to "do something" affects even those who accept that disinvestment is not the way to go. In their search for doing something positive, they focus on making the Sullivan Code mandatory.

I do not believe that this step is desirable either. The very success of Sullivan Code compliance is based on the code's voluntary nature; manda-

tory Sullivan would inevitably bring about a confrontation between the companies and the enforcers.

In that game, the biggest losers would be, I fear, the people that the code is designed to help.

The political consequences of disinvestment are not appealing. Anything which diminishes the American role in South Africa is not, at this juncture, helpful to our mutual efforts at regional stabilisation.

A diminished American role in South Africa will not aid the reform process already under way. I am confident that President Reagan will stand firm. But having outlined the views of those who would limit American involvement in this market, I ask you again for your help in making the battle easier for us.

We need to be able to say to the American people that progress is being made in South Africa. We need to be able to say that black employees of your companies have access to housing, educational opportunities, goods and services consistent with their salaries.

We need to be able to confront the proponents of disinvestment with the news that equal skill levels in South African industry receive equal pay, regardless of race.

We need to be able to say that South African industry has moved forthrightly into the modern era of industrialisation and has come to the understanding that its future success is based in large measure on its ability to out-produce competitors through the creation of a stable, trained and highly-motivated labour force.

We need to be able to report progress in restoring to black workers the family life which apartheid regulations have torn apart.

I believe that in South Africa you have demonstrated, for the most part, a real commitment to social change.

The job is not yet finished. Apartheid remains the single greatest barrier between the South Africa of today and the bright economic future which we all hope tomorrow will bring.

How corporations respond to that challenge will shape and instruct your future, the region's future and the future of our relationship.

There is no question in my mind that South African companies have been in the forefront of the reform effort.

This is hardly surprising, for business cannot thrive within the strait-jacket of apartheid, an essentially pre-industrial political ideology which in many respects runs counter to the functional requirements of an expanding industrial society.

Most of the corporations which have institutionalised policies of corporate social responsibility have done so in the belief that racism and an efficient free enterprise system don't mix.

Most of these corporations have come to realise that a stable, well-educated, well-housed labour force is a productive, highly motivated partner in the production process. By adopting such views you have given the lie to those who argue, on ideological principle, against "investing in apartheid".

It is unfortunate, but perhaps understandable, that in years past black employees have identified their companies' public silence with acquiescence in and support for the system of apartheid.

Certainly no one would maintain that, before the emergence of heightened corporate commitment to community development and worker welfare, there was no validity to this black resentment (and we must acknowledge that there are still employers unwilling to face up squarely to their corporate responsibility).

But the evolution of worker/employee relations in this country puts the lie to the notion, expressed by some, that business presence here is, in the Marxist terminology often chosen to express it, simply "capitalist exploitation".

That simplistic description does justice neither to the efforts of the companies nor to the strides made by emerging trade unions. It is a resort to the kind of rhetoric which obscures the real issues and thereby complicates the search for solutions.

One of the vehicles you have created as a demonstration of your concern in the Urban Foundation which has been instrumental in achieving progress in such key areas as the rights of black South Africans to own property and recognition of black permanence in what used to be called white urban areas.

I believe that additional solutions are available to those with the courage to seek a new equilibrium between society and the corporate structure.

The EEC and Sullivan Codes are common ground on which societal concerns, economic rationality and corporate self-interest meet.

They are a moral embodiment of corporate needs, a vital test of sincerity in a society whose majority requires proof that the Marxists are

# 'Pressure' on US sponsor puts stop to conference

(62)

Stay 9/5/85

By Frank Jeans

South Africa's bid to host international conferences received a setback this week with the sudden cancellation of a major conference which would have brought to this country world experts in the field of newspaper production.

The big get-together of representatives of companies operating Goss Metro printing presses was scheduled for October this year, but the sponsor, US giant Rockwell International, producer of the Goss machines, has informed the Metro Users Association of Southern Africa that the conference has been called off.

The official reason? "Lack of international support."

It is thought, however, that the underlying cause of the cancellation has been the recent build-up of political pressure in the US and Britain.

The sudden call-off has resulted in an estimated R50 000 loss through cancellation fees for hotel bookings and functions in Sandton and Cape Town for about 250 delegates as well as a Blue Train trip — and picking up the bill will be Rockwell and its South African agent, Haddons.

It would have been the third world-wide quality productivity conference for newspaper production men.

The first was in Newcastle, the second in Miami. The South Africa meeting would have been specially significant because this country is acknowledged as a world leader in the field of newspaper colour reproduction.

Mr David Murray, chairman of the Metro Users Association of Southern Africa, says: "We are very disappointed and frustrated at this turn of events."

Anti-apartheid' protests 'embarrass the South African Government'

# Thank you for giving us hope again, Tutu tells US students

Story 10/5/85

62

LOS ANGELES — Nobel Peace Prize winner Bishop Desmond Tutu yesterday praised students for their protests against apartheid and said: "Thank you for giving us hope again."

He added that he represented all the victims of apartheid who could not be present to offer their thanks. And he told the students: "Don't let anyone delude you into thinking that what you are doing doesn't embarrass the

The Star's Foreign News Service

South African Government."

Bishop Tutu spoke in the University College of Los Angeles Pauley Pavilion, the site of last year's Olympic gymnastics competition.

The pavilion was ringed by uniformed police both inside and outside.

As he entered, escorted by Los Angeles Mayor

Tom Bradley and university Chancellor Charles Young, 2,000 students stood and cheered, giving him a hero's welcome with chants of "Tutu! Tutu!"

He told them: "What you are doing here is of very considerable significance.

"If it were not of such significance the South African Government would not have sent someone to Washington whose sole brief is to do

something about this disinvestment campaign."

Bishop Tutu was referring to mounting anti-apartheid protests on California campuses, by city governments and in the state legislature.

The protests have concerned disinvestment only briefly.

But on university campuses especially they have broadened into daily attacks on the race policies of the South African Government.

Bishop Tutu was intro-

duced to the students as "The moral leader of South Africa, of our campuses and of our corporations."

He said: "There's no way that injustice will prevail over injustice."

"We say to the perpetrators of apartheid: 'Come on, join the winning side.'"

"There is absolutely no doubt at all that we shall be free."

"The real issue is how that will happen, and that

we want it to happen now."

"We want it to happen for all of us in South Africa, for black and white together."

At an earlier Press conference, Bishop Tutu backed away from endorsing the concept of disinvestment in American banks and companies doing business in South Africa.

He said he would be arrested in South Africa for publicly endorsing any such plan.

Bishop Tutu is scheduled to address clergy-men, Democratic Party activists and students at Berkeley and Davis Universities.

Earlier this week at the University College of Los Angeles 75 anti-apartheid protesters carried coffins in a mock funeral procession to mark the deaths of black South Africans killed by the police.

About 100 students have been camped out if more than 50 tents on a lawn opposite the university's administration building.

They have called the area Mandela City, after jailed black South African leader Nelson Mandela.

Between the anti-apartheid banners and signs, the protesters have built a mock cemetery with wooden crosses splattered with red paint and marked with the names of blacks killed by South African police.

At California University's Berkeley campus where a sit-in began a month ago six anti-apartheid protesters have been arrested, all Americans with links to the American Indian Movement.

## Jesse Jackson finds the embassy door bolted

BONN — US civil rights campaigner Rev Jesse Jackson could hear the steel bolts slithering shut as he walked up the steps of the South African Embassy yesterday, leading reporters.

He was demonstrating after a Press conference in a Bonn hotel and a prayer with 50 men and women in the street.

Mr Jackson said he visited West Germany at the invitation of a group of Lutheran pastors who had organised two weeks of protests against plans to try 16 leaders of South Africa's United Demo-

By Wellington Long, The Star's Foreign News Service

cratic Front.

The organisers said a petition had been signed by at least 1,000 people.

They declared: "We cannot on May 8 remember those who helped free us from the Nazi regime without embracing those who are imprisoned in the apartheid system."

Mr Jackson declared that when the Nazi regime was defeated in Europe 40 years ago, Fascists and Fascism simply moved to South Africa

and South America. "It was not enough for David to slay Goliath.

"For Goliath had descendants. And Fascism has descendants."

Mr Jackson noted the controversy surrounding Sunday's laying of a wreath by American President Ronald Reagan in a German military cemetery at Bitburg.

"There are relatively few dead SS troops at Bitburg," he said, "but there are many alive in Johannesburg."

Mr Jackson renewed earlier calls for disinvestment in South Africa.

Before going to the South African Embassy he met Social Democratic Party chairman Mr Willy Brandt.

Mr Jackson was accompanied to the Embassy by Social Democratic Parliamentary deputies Mr Karsten Voigt and Mr Guenther Verheugen and Parliamentary deputy Miss Petra Kelly.

Police said they would allow only two demonstrators plus reporters as witnesses to proceed to the Embassy front door.

At Mr Voigt's suggestion, Miss Kelly accompanied Mr Jackson; the

others stayed behind a police line singing "We shall overcome."

At Miss Kelly's suggestion, Mr Jackson rang a small bell on the door.

Eventually, a man inside the building operated an intercom to ask what he wanted.

Mr Jackson said he wanted to see the Ambassador; Miss Kelly said she wanted to present further signatures to the petition the Embassy had received.

The man inside reminded them that the Embassy had said it would receive the peti-

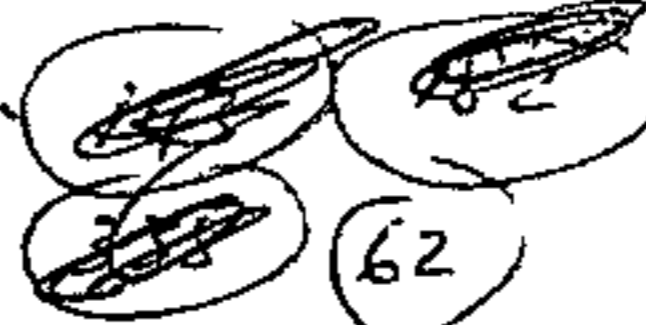
tion only once; he recommended Miss Kelly to send the extra signatures by post.

The man told Mr Jackson that he should register any complaint in Washington.

The man inside turned off the intercom.

Mr Jackson went on to call on the US Ambassador, Mr Arthur Burns, and told supporters outside the US Embassy that he expected a strong statement to be made.

But a US Embassy spokesman said Mr Burns would make no statement on the affair.

CAT TMS 10/5/85 - 

# Retrenchments cut by 140 after negotiations

JOHANNESBURG. — One of the most successful union negotiations in reducing retrenchments has been achieved by the Food Beverage Workers Union, a Cusa affiliate, with the Coca-Cola Bottling Companies of the East and West Rand.

Union spokesmen, who met with Coca-Cola management yesterday, said 203 workers from three different Coca-Cola factories had initially been faced with retrenchment. But the company had reduced the intended number to 63, following further negotiations with the union this week.

Spokesmen said the first retrenchment announcements had been made in February and would have affected 104 workers at the Bedfordview and Benrose branches.

After negotiating with the union, management reduced the number to 20. The rest of the workers agreed to work on a "rolling-leave system" which entailed taking unpaid leave every sixth week.

Last week Coca-Cola management announced that 99 workers would be retrenched at their Devland branch, but after negotiations only 43 will be affected.

Workers had indicated through the union that they were willing to either go on rolling leave, work every 20 days and forfeit two days of their monthly salary, or put in a limited amount of unpaid overtime work to save costs.

Union spokesmen said management had also agreed to implement some of the alternatives suggested by the union to save the jobs of remaining workers.

They said these were the first retrenchments by Coca-Cola and an agreement had also been made with the company that there would be no further retrenchments for the rest of the year.

Union officials are still discussing the position with management, but criteria for retrenchments have been jointly settled upon and consist of a "last in, first out policy", key skills and work attendance records.

Company spokesmen could not be contacted for comment yesterday.

# Ford, Mobil won't quit SA

NEW YORK — Two major corporations, Ford Motor and Mobil, said yesterday they would not shed their investments in South Africa despite strong protests.

Ford Motor believed South African blacks were "better off if we stay than if we leave", chairman Mr Donald Petersen told shareholders in Detroit.

In Philadelphia, Mobil chairman Mr Rawleigh Warner Jr told shareholders Mobil would not give up its service stations and refinery operations in South Africa where it controls about

20 percent of the petrol market. Mobil abhorred apartheid and had stated this many times.

Mr Petersen said that while Ford management had great sympathy for many arguments against South African race policies, it remained opposed to disinvestment as a method of eliminating discrimination.

The New York City Employees Retirement System had proposed Ford halt sales to South African police or military until Pretoria officially committed itself to end apartheid and move towards political equality.



# SA businessmen's radicalism startles US entrepreneurs

NM 10/5/85  
 HAS the South African business community decided fighting the United States disinvestment campaign is a lost cause? To judge by what its captains told the U S Council for International Business last week, it certainly looks that way.

A full account of what happened at the conclave in New York's ritzy Harvard Club is impossible because the outside world was barred. The corporate world evidently feels it can only be sincere under conditions that convince everyone else it has something to hide.

In this instance the furtiveness was particularly sad because the South African delegation had a new and unusually important message which if publicly heeded could help, not perhaps to dampen the current seemingly irrevocable American urge to get irrational over South Africa, but certainly to channel it in a more constructive direction.

## Delegation

The delegation comprised Arthur Hammond-Tooke of the Federated Chamber of Industries, the Afrikaanse

Handelsinstituut's Naas Steenkamp, Mr Justice Jan Steyn from the Urban Foundation, Raymond Parsons of Assocom, and Eric Mafuna, a marketing consultant and board member of Johnson and Johnson.

The audience, 70 representatives of the Fortune 500 and a handful of Congressional staff members, expected to be regaled once again with the evils of

With violence on the verge of spreading beyond the townships to threaten the country's economic base, it was high time to appreciate 'the black belief that whites have more to lose than blacks'.

American companies might have spent R 200 million (the State Department's figure, not Mafuna's) on behalf of their black employees, but if they wished to stay they were going to

charges of 'political opportunism', naivete and even, privately, of ingratitude. Something slightly more refined had obviously been expected from this black entrepreneur.

The really startling thing, however, was not what Mafuna said, but what his colleagues had said before him. Except that they used the polite dialectic with which South Africa is otherwise always discussed at such gatherings, they had been equally radical.

Steenkamp began his talk on black unionisation thus: 'I think it's time we stopped congratulating ourselves on (labour reform) and recognised it for what it is — merely the first and most visible manifestation of a much more comprehensive process... there is something basically nonsensical about a line of reasoning which says that man as worker is divisible from man as citizen.'

For good measure, he even quoted Senator Edward Kennedy with approval for his observation that 'to fire workers for striking makes a mockery of any claim to free collective bargaining.'

## Take a risk

Hammond-Tooke took up the Steenkamp man-as-worker/man-as-citizen line even more bluntly: 'A calculated risk needs now to be taken that the blacks in South Africa are willing to participate in a process of peaceful political development if they are assured of the integrity of the country's political processes in which they are bargaining.'

More shocking to the audience, had it been attentive, was his suggestion, foreshadowing Mafuna's, that American business do more or get out. The time had come for a policy of 'limited' and 'selective'

Washington Letter

Simon Barber



economic sanctions and to be urged to go out and fight the good fight. It didn't happen.

Instead, the South Africans told the Americans that they were reactionaries who should rapidly mend their own ways rather than focusing on the follies of the disinvestment crowd. The sanctions debate in Congress, on campuses and in state and city legislatures concerned a domestic agenda. It was time to focus where the action really was.

The gathering will probably be remembered most for Mafuna's speech. Most who heard it were profoundly disturbed. People generally are when their comfortable prejudices are shattered.

If I read him right, what he was saying was that the old argument against disinvestment, etc — that it hurts those who we are trying to help — had become worse than patronising.

have to become considerably more energetic, if only to avoid strikes and their concomitant unpleasantness.

They must start talking seriously to black leaders and elevating blacks to senior management positions. They must start helping their employees against 'official bureaucracy and excessive intrusion of official policies into (their) work and non-work lives', must speak up against forced resettlements, and fight for home ownership rights. 'There is little point in protesting that these issues fall outside... business requirements'.

The audience was stunned. In the heated debate that followed it seemed for the first time that it was Americans rather than South Africans using that dreadful phrase 'But you must understand...', though a fair number agreed. There were some angry



UNIVERSITY OF NATAL  
DURBAN

INAUGURAL  
LECTURE

"SURGEONS  
DON'T ONLY  
CUT"

by PROFESSOR  
I. B. ANGORN

faith for today

Out of the

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More shocking to the audience, had it been attentive, was his suggestion, foreshadowing Mafuna's, that American business do more or get out. The time had come for a policy of 'limited' and 'selective' US engagement, he said, under which US economic involvement in the Republic would be directed at selected internal pressure points, and would be made conditional on 'demonstrable progress... towards an agreed set of reform objectives'.

### New approach

This frankly confrontational strategy goes far beyond anything most American corporations have even begun to contemplate, and certainly any position taken by Dr Chester Crocker or the Reagan Administration. Hopefully it portends a new, more realistic, approach both towards disinvestment and towards apartheid.

If the South African private sector is sincere about taking the offensive (and the summary firing of 14 000 miners disputes that), then America and its corporations should join it, and give reason a chance to prevail by itself on Capitol Hill.

## faith for today

### Out of the whirlwind

*'Then answered the Lord unto Job out of the whirlwind'. — Job 40 v 6.*

GOD uses many methods to make known His Will. Emphasis has been laid on 'the still small voice' and that it is possible to learn the Will of God in the silence. It is a blessed experience to spend time quietly in the Divine Presence and to experience His peace, to allow the pressures of life to subside and to permit your priorities to fall into their correct order. In the silence you can experience guidance and healing, and an ever deepening awareness of God's Love.

If you lead a busy and pressurised life you will find consolation in the fact that God spoke to Job in the whirlwind. In the bustle of modern life, where there is scarcely time to pause before commencing the next task, it seems futile to think that God can make His Will known in such conditions, but He is Lord of all activity as well as the Master of the Silence.

In life's whirlwind God can guide you, if you seek Him and are prepared to be obedient to His Will. The awareness of His Living Presence can be with you at all times and under all conditions. Feverish activity is no hindrance to knowing Him if, amid the rush of a busy life, you turn to Him. You will find Him waiting to listen to you. Then your haste will become positive and constructive, and you are able to do all things to His honour and glory.

**PRAYER THOUGHT:** Help me, Lord, not to allow the busyness of life to separate me from You.

ing itself for tough economic sanctions imposed by the United States Congress to force accelerated reform of apartheid.

The American foreign policy mood is unpredictable (except for the knee-jerk reaction to everything Cuba does), but my impression during a recent visit to Washington was that the threat of serious curbs on American investment in South Africa has passed.

It is hardly necessary to qualify this with the statement that should a large number of blacks die tomorrow in clashes with the police, disinvestment (even trade sanctions) is a real possibility.

### Exacerbating black unemployment

Business leaders in South Africa and the United States have lobbied vigorously against disinvestment on the following grounds:

- Disinvestment will hurt South African blacks, the people it is designed to help, by exacerbating black unemployment.

- America has limited leverage and is unable to accelerate the pace of apartheid reform since it is responsible for less than 20 percent of the foreign investment in South Africa.

The argument that disinvestment will be counter-productive for evolutionary reform in South Africa has steadily gained ground in recent weeks. A pro-investment attitude draws on the deep-seated American belief, shaped by historic experience, that economic growth will produce the rise of a black middle class which will command increasing power and respect on behalf of all blacks.

There is, in fact, no American public consensus for far-reaching trade and investment sanctions. A recent Harris poll (conducted, however, before the Uitenhage shootings) showed that majorities in the United States opposed economic sanctions against South Africa: they were against prohibiting bank loans by 51 percent to 41 percent, against blocking new business investment by 54 percent to 39 percent, against ending all trade with South Africa by 64 percent to 29 percent and against forcing US businesses to close down South African operations by 76 percent to 18 percent.

There is also a changed perception of the possible effect on South Africa of severe diplomatic and economic sanctions. Initially, there was widespread support for the view that tough American action would "traumatize" South African politics, a reaction that would presumably force Pretoria to face up to the need for power-sharing with blacks.

In recent times, the realization has dawned that America has but limited leverage over South Africa. In Congress there is a growing bipartisan

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disinvestment  
but police hold key

## The Pattern of Politics

Cape Times  
By Hermann Giliomee

11/5/85  
62



President Reagan  
... difficult veto

approach towards South Africa which has rather more limited objectives.

It above all wants to signal its displeasure with whites and sympathy for blacks. If this has the effect of hardening white attitudes, so be it, for the United States wants to distance itself from apartheid. It is no longer enough for America to profess abhorrence of apartheid, some concrete steps must be taken.

The bill Congress is likely to pass by September is, barring some major atrocity in South Africa, unlikely to contain the economic sanctions suggested by Senators Kennedy and Weicker. The chances are good that it will prohibit new loans to the South African government and state corpora-

tions, make it compulsory for US companies to comply with the Sullivan labour code aimed at the desegregation of the workplace and training of blacks and provide American funding (in the region of \$10m to \$20m) for black advanced education and training.

"Displeasure with South African whites" may well take the form of cutting down on consulates, withdrawing American military attachés in South Africa and dealing the serious symbolic blow of withdrawing the landing rights of South African Airways.

Experienced Washington watchers believe that President Reagan will find it difficult to veto such a bill if it finds strong bipartisan support as appears likely now.

In economic terms these measures will not affect South Africa much. The jump to a mandatory Sullivan Code is not big. Moreover, American banks have already virtually stopped lending to the South African government and its agencies while greatly increasing their loans to the private sector excluding banks (up from \$495 billion in 1981 to \$1,1 billion in 1984) and to banks (up from \$1,08 billion to \$3,5 billion in the same period).

### US not unwilling to introduce curbs

It is not possible for the South African government to "reloan" from the private sector but it is more likely that it will look for credit in the European money markets.

Compared to what was envisaged a few months ago, this will be a rather limited American response. *Instead of actually imposing sanctions, it rather warns that America is not unwilling to introduce curbs, but will for the moment stop at this point.*

In mainstream American

politics, the argument is now generally accepted that the threat of sanctions probably has much more effect than would the reality of their implementation.

In the next year or two, most of the action will occur outside Congress. The move to divest institutional funds from American companies with subsidiaries in South Africa has made great strides. On American campuses, South Africa has become the hottest issue since the days of the Vietnam demonstrations.

Since 1976, about 40 universities have sold \$292 million of stocks in South African-related companies, but this figure is destined to grow dramatically and local governments last year alone divested \$12 billion of stock from companies involved in South Africa.

These divestment moves have been encouraged by recent findings that they need not be costly. Institutions which sold SA-related stock tended to switch to high-technology stock which has generally out-performed shares in companies with South African interests.

As yet, this has had no impact on the shares of these companies but there are many companies who worry about how their public image will be affected. Coming on top of the decreasing profitability of their operations in South Africa and their fears concerning our country's stability, the option of selling out is becoming more attractive.

As to the extent that American companies voluntarily withdraw, it will be easier for Congress in future to impose further curbs on US economic and diplomatic ties with South Africa.

South Africa has no reason to be complacent over the softer line Congress is likely to take this year.

# 'US managers veer from SA investments'

copy to [unclear]  
13/5/85  
(62)

NEW YORK. — Managers of precious metals investment funds, flush with fresh cash since the recent run-up in gold, are "steering new money away from South African investments," according to a major report in the influential Wall Street Journal.

According to the report, managers say they are not acting in sympathy with mounting pressure within the United States to shed South African holdings as an anti-apartheid statement.

"But," the Wall Street Journal report adds, "they worry that as tensions in South African intensify, culminating recently in a series of strikes by 14 000 black miners in Klerksdorp and the bombings of two gold-mining firms, holdings of South African gold shares are becoming increasingly risky".

The newspaper quotes Mr Howard Ruff, publisher of the Financial Success Report newsletter, as saying: "Six months ago I would have been moving most of my money into South African shares, but now, I'd put three out of every four dollars into North American shares."

It also quotes Mr Marty McNeill, metals analyst of Dominick and Dominick Inc, a New York brokerage firm, as saying: "Any free money that can be diverted out of South Africa, will be."

The newspaper reports: "While fund managers say they aren't shedding South African holdings, they are aggressively moving new funds into North American, and, in some cases, Australian gold-mining shares.

"They say they're moving into these stocks before individual investors with similar worries buy them and bid up their prices."

The Wall Street Journal reports: "South Africa's increased political unrest, and subsequent calls for divestment, come at a time when managers have much new cash to invest."

It quotes Mr A D Mcewan, president of CSA Management of Toronto, which manages gold funds totalling US\$190m (R380m), as saying: "It's become very unpopular in the US to own South African stocks."

"If this trend continues, it's very possible there going to be a general divestment by US holders, and that could be even worse for the stocks than South Africa's political climate."

The Wall Street Journal says South African mining officials are not excessively concerned about the mood at this stage.

Mr Eugene Sherman, economist and international investment manager of International Gold Corp, an associate company of the South Africa Chamber of Mines, is quoted as saying: "There's always been a certain degree of trepidation in buying South African shares, and that trepidation is heightened now. But managers continue to overcome it."

Mr Sherman predicts that managers will "Move more quickly out of the shares if they get the feeling things are getting worse at the mines," but adds that for now "the shares continue to do well" in relation to bullion and North American shares. — Sapa

# SA business men take a new and disturbing line

Has the South African business community decided fighting the United States disinvestment campaign is a lost cause? To judge by what its captains told the U.S. Council for International Business, it certainly looks that way.

A full account of what happened at the conclave in New York's ritzy Harvard Club is impossible because the outside world was barred. The corporate world evidently feels it can only be sincere under conditions that convince everyone else it has something to hide.

In this instance, the furtiveness was particularly sad because the South African delegation had a new and usually important message which, if publicly heeded, could help, not perhaps to dampen the current, seemingly irrevocable American urge to get irrational over South Africa, but certainly to channel it in a more constructive direction.

The delegation comprised Arthur Hammond-Tooke of the Federated Chamber of Industries, the Afrikaanse Handelsinstituut's Naas Steenkamp, former Justice Jan Steyn from the Urban Founda-

tion, Raymond Parsons of Assocom, and Eric Mafuna, a marketing consultant and board member of Johnson and Johnson.

The audience, 70 representatives of the Fortune 500 and a handful of Congressional staff members, expected to be regaled once again with the evils of economic sanctions and to be urged to go out and fight the good fight.

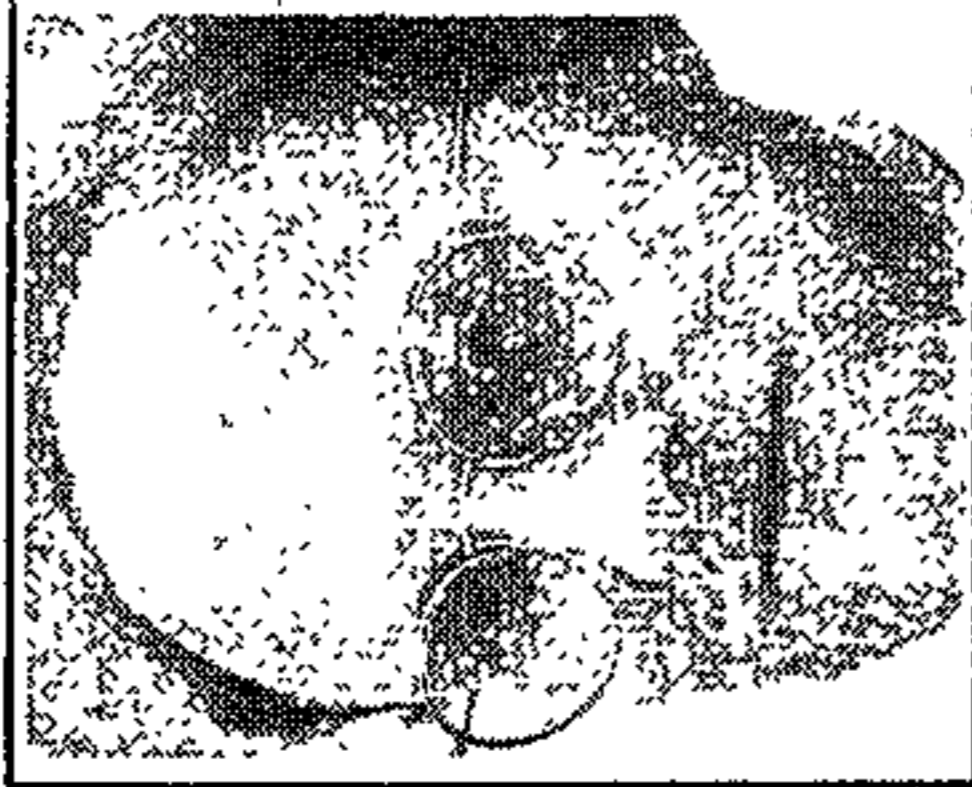
It didn't happen. Instead, the South Africans told the Americans that they were reactionaries who should rapidly mend their own ways rather than focusing on the follies of the disinvestment crowd. The sanctions debate in Congress, on campuses and in state and city legislatures concerned a domestic agenda. It was time to focus where the action really was.

The gathering will

probably be remembered most for Mafuna's speech. Most who heard it were profoundly disturbed. People generally are when their comfortable prejudices are shattered.

If I read him right, what he was saying was that the old argument against disinvestment etc. — that it hurts those we are trying to help — had become worse than patronising. With violence on the verge of spreading beyond the townships to threaten the country's economic base, it was high time to appreciate "the black belief that whites have more to lose than blacks".

American companies might have spent R200 million (the State Department's figure not Mafuna's) on behalf of their black employees. But if they wished to stay, they were going to



Simon Barber writes from Washington

have to become considerably more energetic, if only to avoid strikes and their concomitant unpleasantness.

They must start talking seriously to black leaders and elevating blacks to senior management positions. They must start helping their employees against "official bureaucracy and excessive intrusion of official policies into (their) work and non-

work lives", must speak up against forced re-settlements and militate for home ownership rights.

"There is little point in protesting that these issues fall outside business requirements". The audience was stunned. In the heated debate that followed it seemed for the first time that it was Americans rather than South Africans using that dreadful

phrase "but you must understand..."

Though a fair number agreed, there were some angry changes of "political opportunism", nativity and even, privately of ingratitude. Something slightly more refined had obviously been expected from this black entrepreneur.

The really startling thing, however, was not what Mafuna said, but what his colleagues had said before him. Except that they used the polite dialectic with which South Africa is otherwise always discussed at such gatherings, they had been equally radical.

Steenkamp began his talk on black unionisation thus: "I think it's time we stopped congratulating ourselves on (labour reform) and recognised it for what it is merely the first and

most visible manifestation of a much more comprehensive process... there is something basically nonsensical about a line of reasoning which says that man as worker is divisible from man as citizen."

For good measure, he even quoted Senator Edward Kennedy with approval for his observation that "to fire workers for striking makes a mockery of any claim to free collective bargaining."

Hammond-Tooke took up the Steenkamp man-as-worker, man-as-citizen, line even more bluntly: "A calculated risk needs now to be taken that the blacks in South Africa are willing to participate in a process of peaceful political development if they are assured of the integrity of the country's political processes in which they are bargaining."

More shocking to the audience, had it been at- tentive, was his suggestion, that American business do more, or get out. The time had come for a policy of "limited" and "selective" United States engagement, he said, under which American economic involvement in the Republic would be directed at selected internal pressure points, and would be made conditional on "demonstrable progress towards an agreed set of reform objectives."

This frankly confrontational strategy goes far beyond anything most United States corporations have even begun to contemplate, and taken by Dr Chester Crocke or the Reagan administration. It is to be hoped that it portends a new, more realistic, approach both towards disinvestment and towards apartheid.

If the South African private sector is sincere about taking the offensive (and the summary firing of 14 000 miners disputes that), then America and its corporations should join it, and give reason a chance to prevail by itself on Capitol Hill.

# U S could take softer line on disinvestment this year if . . .

NM 14/5/85

(62)

SOUTH Africa has been bracing itself for tough economic sanctions imposed by the United States Congress to force accelerated reform of apartheid.

The American foreign policy mood is unpredictable (except for the knee-jerk reaction to everything Cuba does), but my impression during a recent visit to Washington was that the threat of serious curbs on American investment in South Africa has passed.

It is hardly necessary to qualify this with the statement that should a large number of blacks die tomorrow in clashes with the police, disinvestment (even trade sanctions) is a real possibility.

Business leaders in South Africa and the United States have lobbied vigorously against disinvestment on the following grounds:

- Disinvestment will hurt South African blacks, the people it is designed to help, by exacerbating black unemployment.

- America has limited leverage and is unable to accelerate the pace of apartheid reform since it is responsible for less than 20 percent of the foreign investment in South Africa.

## Evolutionary reform

The argument that disinvestment will be counter-productive for evolutionary reform in South Africa has steadily gained ground in recent weeks. A pro-investment attitude draws on the deep-seated American belief, shaped by historic ex-

perience, that economic growth will produce the rise of a black middle class which will command increasing power and respect on behalf of all blacks.

There is, in fact, no American public consensus for far-reaching trade and investment sanctions. A recent Harris Poll (conducted, however, before the Uitenhage shootings) showed that majorities in the United States op-

posed economic sanctions against South Africa: they were against prohibiting bank loans by 51 percent to 41 percent, against blocking new business investment by 54 percent to 39 percent, against ending all trade with South Africa by 64 percent to 29 percent and against forcing US businesses to close down South African operations by 76 percent to 18 percent.

## A changed perception

There is also a changed perception of the possible effect on

South Africa of severe diplomatic and economic sanctions. Initially, there was widespread support for the view that tough American action would 'traumatise' South African politics, a reaction that would presumably force Pretoria to face up to the need for power-sharing with blacks.

In recent times, the realisation has dawned that America has but limited leverage over South Africa. In Congress there is a growing bi-partisan approach towards South Africa which has rather more limited objectives.

It above all wants to signal its displeasure with whites and sympathy for blacks. If this has the effect of hardening white attitudes, so be it, for the United States wants to distance itself from apartheid. It is no longer enough for America to profess abhorrence of apartheid; some concrete steps must be taken.

## Prohibition on loans

The Bill Congress is likely to pass by September is, barring some major atrocity in South Africa, unlikely to contain the economic sanctions suggested by Senators Kennedy and Weicker. The chances are good that it will prohibit new loans to the South African Government and state corporations, make it compulsory for US companies to comply with the Sullivan labour code aimed at the desegregation of the workplace and training of blacks, and provide American funding (in the region of \$10m to \$20m) for black advanced education and training.

'Displeasure with South African whites' may well take the form of cutting down on consulates, withdrawing

American military attachés in South Africa, and dealing the serious symbolic blow of withdrawing the landing rights of South African Airways, which would make us join the small far Left company of Cuba, Nicaragua and Russia.

## Bi-partisan support

Experienced Washington watchers believe that President Reagan

will find it difficult to veto such a Bill if it finds strong bi-partisan support, as appears likely at this stage.

In economic terms these measures will not affect South Africa much. The jump to a mandatory Sullivan Code is not big. Moreover, American banks have already virtually stopped lending to the South African Government and its agencies while greatly increasing their loans to the private sector, excluding banks (up to \$495 billion in 1981 to \$1,1 billion in 1984), and to banks (up from \$1,08 billion to \$3,5 billion in the same period).

It is not possible for the South African Government to 'reloan' from the private sector, but it is more likely that it will look for credit in the European money markets.

## A limited response

Compared to what was envisaged a few months ago, this will be a rather limited American response. *Instead of actually imposing sanctions, it rather warns that America is not unwilling to introduce curbs, but will for the moment stop at this point.*

In mainstream American politics the argument is now generally accepted that, as William Raspberry phrased it in the Washington Post, the threat of sanctions probably has much more effect than would the reality of their implementation.

In the next year or two most of the action will occur outside Congress. The move to divest institutional funds from American companies with subsidiaries in South Africa has made great strides. On American campuses, South Africa has become the hottest issue since the day of the Vietnam demonstrations.

Since 1976 about 40 universities have sold \$292 million of stocks in South African-related companies, but this figure is destined to grow dramatically, and local governments last year alone disinvested \$12 billion of stock from companies involved in South Africa.

OF MUNICIPAL



DR HERMANN GILOMEE, senior lecturer in history at Stellenbosch University, who in this article warns that SA has no reason to be complacent

## Disinvestment encouraged

These disinvestment moves have been encouraged by recent findings that they need not be costly. Institutions which sold SA-related stock tended to switch to high-technology stock which has generally outperformed shares in companies with South African interests.

As yet, this has had no impact on the shares of these companies, but there are many companies who worry about how their public image will be affected. Coming on top of the decreasing profitability of their operations in South Africa and their fears concerning our country's stability, the option of selling out is becoming more attractive.

As to the extent that American companies voluntarily withdraw, it will be easier for Congress in future to impose further curbs on US economic and diplomatic ties with South Africa.

South Africa has no reason to be complacent over the softer line Congress is likely to take this year.

# Investors will benefit if they pull out of SA'

Star 14/5/85

62

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By Peter Honey

higher, but probably irrelevant risk."

The US disinvestment campaign has added a new string to its bow with the argument that investors could benefit financially by pulling out of South Africa.

The assertion is contained in a report by two economic researchers for a pro-disinvestment group, the American Committee on Africa.

The 42-page report is directed at corporate leaders. It compares the investment performances of 124 companies involved in South Africa with those of similarly rated concerns outside the country.

The authors, Ms Brooke Baldwin, a Yale University graduate student, and Mr Theodore Brown, former financial consultant with Shearson/American Express, conclude: "A South Africa-free portfolio substantially out-performs its counterpart with slightly

The authors claim that increased returns from investments free of South Africa, considered with the political risk of remaining in "destabilised South Africa", are sufficient reasons to warrant full disinvestment.

## CRITICAL ROLE

They say 285 American companies had dealings in South Africa up to December last year and that direct corporate investments worth \$2.3 billion played a "critical role in propping up apartheid".

American banks, they added, had outstanding loans to South Africa worth \$4.5 billion.

The report, released in America last month, is a cogent example of what appears to be a tactical move to expand the political and moral arguments for disinvestment into the financial marketplace.

See Page 17

## Exert pressure on South Africa, Tutu urges Americans

SACRAMENTO — Nobel Peace Prize winner Bishop Desmond Tutu yesterday urged American politicians to exert pressure to win equality for South African blacks. (62) ~~ESP~~ ~~APP~~

He avoided specifically calling for legislation requiring disinvestment in companies doing business in South Africa.

He told a packed session of the California legislature: "Please help us exert pressure ... political pressure, diplomatic pressure, but above all economic pressure. Star 14/5/85

"Help us bring about this tremendous new society." — Sapa-Reuter.



ARGUS 5/5/85 (62)

DISINVESTMENT

# 'Morality is cheap when someone else is paying'

RICHARD COHEN of The Washington Post discussed disinvestment with the PFP's financial spokesman, Mr Harry Schwarz, in Washington recently. This was the upshot of their meeting

LAST week H H Schwarz, as his business card reads, was working Capitol Hill, telling Senators and Congressmen that it was a bad idea for American firms to pull out of South Africa — not a very surprising position for a member of the South African Parliament, you might think.

Harry Schwarz would shoot you a look for suggesting that. He abhors his Government. But he loves his people.

Schwarz, a member of the opposition Progressive Federal Party, is someone you hate to meet. He's a challenger of convictions, a person who hangs question marks on the end of sentences that should end with ringing certainty.

He does this by asking questions himself. This is one of them: Have you ever looked into the face of a man who has no job?

Schwarz has. It was his father, a German refugee who arrived in South Africa during the depression of the 1930s. He went out one day to seek a job as a clerk at Woolworths and returned still unemployed. Schwarz looked into his father's face and has never forgotten what he saw.

That face many times over would be seen all over South Africa if American corporations pulled out, Schwarz says. Men and women — most of them black — would be thrown out of work.

The 120 000 people working for some 300 US corporations would have to seek work elsewhere. They could work no more for firms that, prodded by American-civil rights groups, have integrated their workplace and pay equal wages.

These are firms that are teaching skills, that are developing a black middle class and, in the case of IBM, that have established a trade school for blacks.

Why, Schwarz asks, should the blacks of South Africa have to lose jobs so that Americans can make an unambiguous statement about racism — a statement that costs them nothing? What, he asks, is accomplished by simply washing your hands of South Africa so that you can announce you are morally untainted by apartheid, when doing that means the loss of jobs and the disintegration of families?

Maybe, as some people say, this hardship will forge revolutionaries. The theory is nice. The reality of revolution often is not. The two extremes take up arms and those in the middle tend to get mowed down.

Harry Schwarz robs people like me of the satisfaction of unambiguous indignation — of pretending that the entire South African issue is as easy as being arrested at their embassy.

Maybe the reality and the symbolism of economic sanc-



Mr Harry Schwarz

tions would so jolt the South African Government that it would have to change its policies. And maybe in that case the jobs of a small percentage of the work force is a price worth paying.

But the point that Schwarz makes is that these are hard choices, not easy ones like choosing between good and evil. Morality is always cheap when someone else pays the cost.

This business of either washing your hands of South Africa or punishing it economically is a complicated one. Even black South Africans cannot agree on the proper course.

Of course there is always something to be said for asserting your own morality, for pro-

claiming something so rotten that it cuts through all complications; something so evil that, as Tevye discovered in *Fiddler on the Roof*, sometimes "there is no other hand". Apartheid ought to be that something. But Schwarz won't permit it.

Schwarz is the other hand personified. He respects university students for their moral indignation, but he wants to tell them it would be best if American corporations remained in South Africa and pressed for reform. It would be best, he says, if the American government consistently denounced apartheid, prodding South Africa to do away with it but exerting pressure in a way that the victims of apartheid do not also become the victims of the anti-apartheid movement.

Schwarz asked: Do you withhold aid from Ethiopia because their government is abhorrent? Do you let people starve because their rulers are communists?

The questions Schwarz asks, however you answer them, complicate what for many people is the moral equivalent of a free lunch. They look upon the face of racism and find it repugnant.

Schwarz asks that they also look upon the face of an unemployed father. It makes this free lunch no different from any other. It has its price.

# Unions sign agreements

*Sowetan 17/5/85*

THE South African Allied Workers Union (Saawu) has signed a recognition agreement with Catepillar Africa (Pty) Ltd, a subsidiary of a United States company.

The agreement, which entails procedures on dealing with the workers' day-to-day problems and other issues affecting their lives at work, was confirmed to The SOWETAN this week by representatives of both parties.

Saawu views this agreement as a step towards progressive direction and development in industrial community and hope that other companies will see this development in the same light, according to Mr J Mnisi, Saawu's organiser.

Catepillar's general manager Mr Ian Leach said that the company has always promoted the interest of its black workers in terms of its own affirmative action programme and looks forward towards constructive dialogue between the two parties.

The South African Motor Corporation and the National Automobile and Allied Workers' Union have also concluded a new wage and service agreement for hourly paid workers at the company's plant at Silverton, Pretoria.

Samcor and Naawu said negotiations were conducted in a "constructive atmosphere" and that full cognisance was taken of the depressed state of the economy and the requirements of the workers.

In a joint statement released in Johannesburg, they said:

"Against this background, we believe that the agreement reached provides in the fairest possible way for the requirements of the company and the members

of the union.

"The agreement, which takes effect from May 11 for a period of one year, caters for across-the-board increases ranging from 15 to 18 cents per hour, depending upon the labour grade.

"This brings the minimum basic wage for the lowest labour grade to R2,45 per hour.

"In addition, workers at the Samcor plant in

Silverton participate in a productivity scheme, which adds another 10 cents per hour to their wages, on reaching 91 percent productivity and can go up to 26 cents per hour on the achievement of 110 percent productivity."

**SIGNING** a recognition agreement are Mr J Mnisi of Saawu and Mr I Leach manager of Catepillar company.



# No court platform for anti-apartheid leader

Star 15/5/85

The Star Bureau

WASHINGTON — Mr Randall Robinson, leader of the anti-apartheid demonstrators in the United States, has again been denied his day in court.

The US Attorney's office in Washington DC has dropped charges against him and four other leaders of the Free South Africa Movement for staging an illegal sit-in at the offices of Deak-Perera, a firm trading in foreign currency and precious metals including Krugerrands.

Mr Robinson has said he wants to be prosecuted in court to outline in public the case against apartheid and against US ties with South Africa.

It is understood that State Department officials, possibly including Dr Chester Crocker, would have been subpoenaed to give evidence.

When he was arrested at the South African Embassy last November — the first of about 3 000 people who have been arrested in various parts of the US since then — the US Attorney also dropped charges.

ONCE a loser, always a loser. That's how General Motors MD Lou Wilking explains the problems of South Africa's motor manufacturers.

He insists it's all a question of image. Toyota continues to dominate the vehicle market in this country because "once a winner, it's difficult to stop. You hit a winning streak and you keep on winning."

Likewise, the losers keep losing. "That's how Toyota stays out there, while the rest of us just keep bumbling along."

GM presently has about 10% of the total vehicle market. Official industry figures for the first quarter of this year show GM lying third in the commercial vehicle market but only sixth in the car sector.

Wilking does not think in terms of sectors but of total market share. He expects the new Opel Kadett range to boost that share, but it is not enough.

He is honest about the problems facing GM. "We've about 10,3% of the total market. With the new Kadett, we hope to increase this to 13%. We ought to be around 20%, but I don't know how the hell we'll get there."

The problem again is image. GM, in some quarters, is still associated with big American cars. "My wife used to tell me they were 'grey cars. In fact, that kind of car went out years ago. But I admit the association may still remain in some quarters."

Identity is also a problem. GM suffers in the same way that Sigma once did. Everyone has heard of the GM name but you can't buy a GM. Sigma, later Amcar, tried to get

# Wilking's fight to improve GM's image

DAVID FURLONGER, Industrial Editor



● LOU WILKING ... "We have no intention at all of moving"

round this by dropping its name from dealer showrooms and marketing its individual brands as separate products. GM appears to have no plans to do the same for its products.

It is, however, trying to improve its dealership range. Many GM dealers have been in business here almost as long as the motor company itself, and have become set in their ways. Wilking wants to recruit a new generation of dealers.

"We've negotiated a couple of new dealerships and we're talking with others, but it's difficult. For a dealership to change manufacturers can cost

hundreds of thousands of rands to replace parts, tooling and everything else."

Wilking is no stranger to difficulties, however. As a member of a small band of GM executives assigned permanently by the American motor giant to police its overseas operations, he has also faced problems in Australia and Iran. Some have been stranger than others.

In charge of GM's Iranian operation shortly before the overthrow of the Shah, he was faced one day with an all-out strike over a shortage of toilet paper. The situation became more puzzling

when it was pointed out to him that the workforce didn't even use toilet paper but subscribed to the traditional Arab method of water and the left hand.

"When I asked the local foreman why, then, the workers were striking? he said they considered toilet paper a symbol of Western progress. For it not to be there was insulting. He said they would go back only if I gave them Coca-Cola. That's what I had to do. I bought thousands of cases of Coke in order to end a strike."

Wilking's problems in South Africa cannot be laughed off so easily. He is depressed by the situation developing

from → \*



in the Eastern Cape and believes the Government must do more to ease the plight of blacks forced by the recession to go hungry. The region is one of the worst-hit in the country and Wilking estimates that 150 000 people in the Uitenhage-New Brighton area go to bed hungry every night. The immediate answer, he believes, is for the Government to send in troops to institute a short-term feeding programme for starving blacks. The Government itself does not have the facilities to run such a programme.

"The only people that can are the Defence Force. They can go into these areas with soup kitchens and food to help the people. The Government should make use of this and send in the troops — but not in their uniforms. Apart from anything else, it would be a heck of a public relations exercise."

Wilking insists GM has no plans to follow Ford in joining the drift from the Eastern Cape. "We're committed to Port Elizabeth. We have no intention at all of moving. We belong there."

On a more practical note, it would cost too much to move, particularly as Wilking is equally insistent that GM

will not take part in joint production with other manufacturers.

On American pressures for GM to disinvest from South Africa, Wilking says there is no question of GM pulling out. "We are against disinvestment. This has been made plain. I have said we're willing to fight the disinvestment battle. I have also said I sometimes wish the South African Government would give us something to fight with."

to → \*

# Botha labels U S campaign against S A as election ploy

PARIS—Anti-apartheid campaigns in the United States were an 'electoral battlefield' aimed at black voters, President Botha was quoted as saying in an interview published here.

Mr Botha said, however, he did not believe American businessmen were prepared to lose money through disinvestment.

The Paris daily newspaper, Le Figaro, published Mr Botha's replies to a series of questions about the current South African situation, headlining its report 'South Africa — a vital stronghold for the free world'.

Asked about the threats of economic sanctions and disinvestment from the U S, he said: 'We have been made into an electoral battlefield by the Democrats and Republicans to please the black voters in America. But are American businessmen ready to withdraw and lose a lot of money — I don't think so.'

'I can't understand this

negative attitude. If you are a leader of the free world and you want to keep the Soviet Union out of South Africa, then you do not weaken the existing power.

'If this country should tip over into the Soviet influence, the world's biggest strategic mineral reserves would be controlled by the communists. South Africa is, therefore, of vital importance to the free world,' Mr Botha said.

Mr Botha said the aim of revolutionaries in South Africa was to wreck the daily life of the black population.

## Confront

'Their aim, which they have stated publicly, is to make the country ungovernable.'

The only way to restore order, he said, was to confront the revolutionaries, while at the same time developing the country economically with new educational and training systems and new political structures — 'and that is

what we are doing'.

Asked whether he intended releasing Nelson Mandela, he said Mandela had refused to agree to non-violence — 'I think he is under pressure from the communists and the African National Congress, who are forbidding him from accepting my offer. It would be madness on my part to free a man, knowing that he was going to call for insurrection,' he said.

The President described South Africa's relations with black African countries as 'more and more co-operation in all sorts of ways, such as transport and health'. He said the more South Africa was criticised in the United Nations, the more that co-operation increased.

Asked how South Africa reacted to hostile world opinion, Mr Botha replied: 'Politically we are not an island, but we cannot let other powers impose their own solutions. We must find those solutions ourselves.' — (Sapa)

# Union launches boycott of shops

*Howick 20/5/85*  
THE METAL an Allied Workers Union has launched a boycott of shops in Howick, Natal, to put pressure on local business to persuade BTR Sarmcol, a British multi-national, to negotiate with the union.

In another development about 2 000 workers at Dunlop SA in Durban have threatened to strike this week if BTR refuses to conclude a recognition agreement with Mawu.

This follows Sarmcol's dismissal of more than 900 striking workers almost three weeks ago, and will bring the number of strikers at Dunlop and Sarmcol — both subsidiaries of British Tyre and Rubber — to 2 970.

A Mawu spokesman said workers at Dunlop had agreed to strike if BTR Sarmcol insisted in refusing to negotiate with the union. A strike ballot will be held this week.

Workers at Sarmcol were dismissed for going on an "illegal" strike, according to the company. The union, however, has claimed that the industrial action was legal in terms of the Labour Relations Act.

Mawu also claimed that none of Sarmcol's workers had returned to work and that Dunlop had threatened to seek an interdict to prevent the strike action.

The company's spokesman said about 400 people, most of whom had been laid off by Sarmcol, had been employed to replace the strikers. Twenty of the sacked workers had asked to be re-hired or reinstated.

The company had agreed to sign a preliminary recognition agreement with the union in 1983, but had not negotiated with the union over the strike.

# Disinvestment talk takes a nosedive

By Simon Barber

NM 20/5/85

WASHINGTON— Senator Christopher Dodd of Connecticut is a man in the Kennedy mould. His credentials as a liberal Democrat, regularly fattened by savage forays into President Reagan's Latin America policy, are unblemished.

It therefore came as something of a surprise to his colleague from Massachusetts when he threw in his lot with someone else's South Africa bill recently, particularly when that someone else was Delaware's Senator William Roth, a Republican and a conservative one at that.

The Roth Bill is designed to derail the Kennedy offering on the grounds that the latter, its sponsors' protestations aside, means divestment.

Blocking new investment in South Africa, the Roth people say, is tantamount to telling US companies that their operations in South Africa will not be allowed to compete with their European, Japanese and indigenous rivals and will, therefore, have to be sold or liquidated with potentially grim consequences for their black employees.

## Consulates

Instead, Roth and another conservative, Kentucky's Mitch McConnell, propose to manifest American displeasure with Pretoria in suitably symbolic ways that do not attempt to tamper with beneficial things like markets, trade and employment: to wit, an end to South Africa's US landing rights, the closure of at least one consulate and a mandatory Sullivan Code, all rendered logical by a number of other measures designed to promote the education and economic clout of that portion of the South African population for whom direct flights to New York

are not a paramount concern.

Dodd's decision to jump ship came as a particular blow to the Kennedy men because they had counted on him to push their language in the Senate Foreign Relations Committee, where they do not sit.

Nonetheless, it was not as unexpected as might appear. The fact is that there are many in the upper chamber who worry that Kennedy is going too far. One of them, if he could bring himself to let on to the congressional black caucus and other radical voices that wag him, may be Kennedy himself.

## Opposition

Very gradually and with precious little help from South Africa, disinvestment is starting to lose favour.

The Washington Post has editorialised against it. One of the paper's most dependably trendy columnists, Richard Cohen, has written: 'Morality is cheap when someone else pays the cost'. Besides, why else would Kennedy and his co-sponsors in the House, chiefly Congressmen William Gray and Stephen Solarz, spend so much time protesting (too much) that theirs is not a disinvestment Bill?

A number of major black organisations are beginning to question the point of view expressed last week by Michelle Kourouma, director of the national conference of black mayors, that disinvestment is a must because 'we have nothing to lose and everything to gain: freedom'.

The National Association of Blacks Within

Government is deeply divided on the issue, according to its executive director, Mr Ted Adams. Many of his members, he said recently, fear that divestiture could amount to 'throwing the baby out with the bath water'.

Adams' own preference was 'a mounting more in the divestment direction, but I would not like to see it happen all at once. I'd like to determine over time whether it's a good thing'.

The Washington-based Joint Centre of Political Studies, a leading think tank on black issues, takes an even more unequivocal line.

John Burroughs, a senior fellow at the centre and former ambassador to Malawi, told the Los Angeles Times: 'United States firms are doing more good by being there.'

## Doubts

Divestiture would be detrimental, not so much for black employment but as a force for social change. Other countries won't hesitate to come in and take up the slack'.

Even the national Urban League (not to be confused with its South African eponym) has doubts, though it pays lip service to the Kennedy Bill.

Said a spokesman: 'We do not favour divestment. We favour the Sullivan principles and no new investment. We believe the workers are the ones that would be hurt'.

The objections raised to disinvestment at city and state levels concern not merely wisdom.

The matter of legality, which has thus far remained surprisingly dor-

mant, is brewing in Los Angeles, where Mayor Tom Bradley last week neatly timed the unveiling of a plan to purge the city's pension funds of South Africa-related stocks to coincide with the arrival of Bishop Desmond Tutu.

The city commissioners overseeing the three funds involved are not happy at the prospect of having to sell off nearly a quarter of the R4 000-million worth of assets for which they are responsible. Bradley, with Tutu at his side, told a Press conference that they'd better get happy, else they were fired.

## Ultimatum

The Washington City government let go a recalcitrant fund manager under similar circumstances last year, but Bradley's ultimatum broke new ground. A considerable body of common and case law exists to define fiduciary responsibility and to protect retirement systems from outside intrusion.

It would be optimistic to believe that common sense or law is going to bring disinvestment to a halt, particularly since some of the country's most powerful city, state and union trustees — including Harrison Goldin, comptroller of New York City and ultimate arbiter of its R42 000-million pension funds — openly espouse the cause. Nonetheless, the tide may be turning.

The problem politically is that many of the legislators who have leapt on to the bandwagon have locked themselves into positions from which there is no return.

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# A critical day looms in US for sanctions on SA

NEIL LURSEN of The Argus Foreign Service in Washington gives a preview of an important vote on sanctions due to be taken in the US tomorrow

THE political struggle here over economic sanctions against South Africa has become intense with the United States House of Representatives scheduled to vote on the issue tomorrow.

On the floor of the House will be the Anti-Apartheid Bill of 1985 introduced by Congressman Bill Gray of Pennsylvania with 145 co-sponsors. An identical Bill has been introduced in the Senate by Senator Edward Kennedy and others.

It seeks to ban bank loans to the South African Government, stop all new private investment, prohibit the sale of Krugerrands and end the sale of US computers to the South African authorities.

It is certain that the measure will be passed by the Democratic Party-controlled House. At issue on Tuesday will be the extent of the victory and how the vote is taken.

Proponents of the Bill are lobbying hard for a landslide victory — and are sure they will get it. They argue that a massive Yes-vote in the House

will be persuasive if the Republican-controlled Senate passes a softer sanctions Bill later this year and representatives of the two chambers have to hammer out a compromise measure to send to President Reagan.

One of the Democrats' strategies is to demand a recorded vote. This means that the vote of each congressman will be on the public record. A vote against sanctions can be used against congressmen who have significant numbers of black and liberal constituents.

Opponents of the Bill want a voice vote in which the individual votes go unrecorded. This, they say, will make it easier for Republicans, embarrassed at the prospect of being seen as supporters of South Africa, to vote against the sanctions.

Sources in the Democratic camp were confident today that they would secure a recorded vote in spite of intense lobbying against it by their opponents.

The House Rules Committee has set aside two hours for to-

morrow's debate — a sure indication that many congressmen want to participate. It is expected that the recent deaths of detainees and the wave of street violence will be cited as reasons to take tough action against South Africa.

Opponents of the Bill will echo the Reagan administration's view that reform is, in fact, taking place in South Africa and that the US must try to retain its influence there during the period of reform by maintaining economic links.

Complicating the issue tomorrow will be three amendments — two to soften the sanctions slightly, and one calling for total disinvestment and an end to US exports, the latter from Congressman Ron Dellums of California.

But even the softer sanctions would, if accepted, be a major setback for the South African Government. One proposal, based on a Bill introduced in the Senate by Republican Senators Bill Roth of Delaware and Mitch Mc Connell of Kentucky, would add to the ban on bank

loans to Pretoria a ban on SAA flights here and a restriction on the number of South African consulates in the US.

The Reagan Administration is pinning its hopes on a Bill introduced in the Senate by the Foreign Relations chairman Republican Senator Richard Lugar of Indiana with powerful support from the party leadership.

The approach of this measure is to give the South African Government two years to implement reforms before sanctions are applied and, in the meantime, to provide financial support to improve the lot of South African blacks. It would also make the Sullivan employment code mandatory for all US firms in South Africa.

Sources on both sides of the debate said today that they expected at least some of the sanctions to be approved by the joint congress this year but were reluctant to speculate on details.



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# New York state to debate disinvestment

**NEW YORK.** — A battle in the New York state legislature was forecast following Governor Mario Cuomo's announcement that he is to propose a sweeping new law on disinvestment from companies that do business in South Africa.

And in Washington, the House of Representatives enters another divisive debate today — imposing sanctions on South Africa to break its racial-separation policies — and the outcome may be another foreign-

policy defeat for President Reagan.

The proposal by Mr Cuomo, a leading candidate for the Democratic Party's presidential nomination in 1988, would, by 1990, compel disinvestment from all American companies with business interests in the Republic — even those that have signed and abide by the Sullivan principles.

Despite Republican opposition, which is likely to be vigorous when the governor's proposal is presented

to the state assembly, the fact that Mr Cuomo is behind it makes it virtually assured of enactment in the course of the next few months.

Making his announcement, Governor Cuomo said: "I have concluded that New York state should adopt a comprehensive and responsible strategy to demonstrate the abhorrence of our residents to the pernicious system of apartheid." Meanwhile in Washing-

ton Representative Stephen Solarz, Democrat-New York, said President Reagan's policy of "constructive engagement" to quietly force racial change in South Africa was a failure and "places the United States on the wrong side of one of the fundamental moral questions of the 20th Century".

But critics such as Republican Representative Henry Hyde, say the House bill bludgeons South Africa without real regard to how the economic sanctions will

affect black workers or the future of a Western ally that supplies the United States with strategic minerals.

The bill, pressed by Representative William Gray with 145 other sponsors, passed the House Foreign Affairs Committee on May 2 on a 29-6 vote — with four Republicans joining all Democrats in favour of the sanctions.

Two of the sanctions are immediate — banning bank loans to the South African

Government and the sale of computer equipment that its police agencies could use in tracking black dissidents.

Two other sanctions would ban any new investment by American firms operating in South Africa and deny the import of gold Kruger rand coins, which reaped an estimated US\$600 million (R1 200 million) in American purchases in 1984. — Sapa and UPI

# Anti-SA lobby wins key vote in sanctions move

WASHINGTON. — Supporters of a congressional Bill to impose economic sanctions against South Africa as a protest against its policies won a key test vote but put off final action until next month.

The Bill would prohibit new loans to businesses in South Africa, loans to the South African Government and loans to any businesses controlled by the Government, and would ban imports of Krugerrands and exports of computer equipment.

Before adjourning last night, the US House of Representatives defeated an amendment which would have weakened the Bill by exempting from sanctions US firms in South Africa which follow non-racial employment policies.

The vote against the amendment was 256 to 148, a margin its supporters said indicated the Bill would probably pass without major changes.

Supporters of the Bill said it would send a clear message to South Africa of US opposition to apartheid. Opponents said it would reduce jobs for blacks in South Africa.

A similar Bill was passed by the House last year but was not taken up by the Senate. The Reagan Administration opposes the legislation.

## CHANGE

Mr Howard Wolpe, a Michigan Democrat, said: "This Bill offers the opportunity to adjust our policy toward South Africa so it reflects our own values."

Mr Newt Gingrich, a Georgia Republican, said: "If we discourage American business in South Africa, who will be there to show how change can be made?"

"All we would do is weaken their economy, isolate further the whites and create a vacuum to be filled by Arabs, Japanese and Europeans."

Further action was put off until June 3 because the House has scheduled debate for the rest of this week on the federal budget resolution. There is then a recess for the US Memorial Day holiday next week. — Sapa-Reuter.

# SA offers prime returns, Davin tells US investors

By ROBERT GREIG

FOREIGN investors in South Africa can expect above-average returns, in spite of political and exchange rate risks and high inflation, the managing director of the Old Mutual, Mr Frans Davin, has told an American investment conference.

Speaking yesterday at the Institutional Investors' Investment Conference in New York, Mr Davin said that the major risks of investing in South Africa were high inflation, political risk and foreign exchange uncertainty.

On the credit side, South Africa offered:

- Probably the most sophisticated infrastructure in Africa;
- A "commitment" to free enterprise;
- A long record of high real economic growth and "very good returns in dollar terms";
- Impeccable international credit standing.

London stocks after hours: Blyvoors 7<sup>16</sup>, Bracken 180, Driefontein 26<sup>3</sup>/<sub>8</sub>, E Rand Prop 7<sup>7</sup>/<sub>8</sub>, FS Geduld 28<sup>1</sup>/<sub>2</sub>, Grootvlei 8<sup>5</sup>/<sub>8</sub>, Harmony Gold 15<sup>3</sup>/<sub>8</sub>, Leslie Gold 275, Randfont 110<sup>1</sup>/<sub>2</sub>, SA Land Exp 288, Southvaal 46, Stiffont 8<sup>1</sup>/<sub>8</sub>, Venters 9<sup>7</sup>/<sub>8</sub>, W Rand Cons 4<sup>13</sup>/<sub>16</sub>, Zandpan 96. — Reuter

● Technological innovativeness;

● A massive potential market;

● A renowned raw material base; and

● Leadership, as a food producer, of Africa.

He said that South Africa's average inflation rate over the last decade was 12.7 percent compared to the United States's 3.7 percent.

"The South African economy is and will for many years to come be subjected to strong inflationary pressures which are mainly of a socio-political nature and an inflation rate equal to the current rate of the United States is not foreseen."

Mr Davin said that political changes eventually tended to increase government spending and inflationary pressures, but added that the government was committed to controlling its spending.

"I am quite confident that inflation will not be allowed to get out of control."

Mr Davin also told American investors that

he believed that the rand was "substantially undervalued", given South Africa's balance of payments prospects and the rand's purchasing power.

He saw the rand appreciating in the short to medium-term.

Mr Davin assured his audience that the government was committed to "orderly" change.

This would not, Mr Davin predicted, be accompanied by "economic deterioration" because "a sufficiently large core of management expertise and skilled people" was "permanently committed to the country" and its development.

He asked the "outside world" for understanding and encouragement.

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## Ford plant closes for six weeks

Argus Bureau

PORT ELIZABETH. — The Ford Motor Company is to close its Struandale motor assembly plant here for more than a month.

The company said today the move was necessary because the new vehicle market remained depressed.

About 850 hourly-paid workers will be affected by the closure from today until July 2, and Ford has said it will help financially stricken employees by organising special long-term, no-

interest loans, and by helping to secure special unemployment benefits.

The move has been criticised by the National Automobile and Allied Workers' Union, which will discuss the closure at a special meeting. Union officials say they will suggest that Ford reschedules production in preference to total closure.

The Ford statement said other company plants in the city would continue to work a four-day week.

# 'Blacks want investment'

WASHINGTON — If South African blacks were in favour of American disinvestment they would simply quit their jobs and take care of it themselves, the United States House of representatives was told yesterday.

But a reliable survey had shown that 75 percent of SA blacks opposed the withdrawal of US companies, Republican congressman Mark Siljander of Michigan told his colleagues.

Mr Siljander, who recently visited SA, was one of the first speakers in the debate on SA sanctions that started in the House of Representatives yesterday afternoon.

It is easy for US (congressmen) in our comfort-

able abodes and with our full stomachs, earning 75,000-dollars a year, to tell others not to feed themselves and their families because it would be for the betterment of their future. It is easy for us to tell others to sacrifice," he said.

"But it seems pretty clear to me that the people in South Africa are not going to sacrifice as much as we want them to."

Although the sanctions — a four-part package contained in the Anti-apartheid Act of 1985 — was expected to be approved yesterday by a large majority, the House adjourned after hours of lively debate with the issue unresolved.

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# Has the disinvestment tide begun to turn?

**RAMSAY MILNE of The Argus Foreign Service in New York reports on the first signs of resistance in the US to the disinvestment drive**

HAS the tide begun to turn against the widespread United States disinvestment campaign that is threatening to cut off billions of investment dollars from South Africa?

There are signs suggesting that this is indeed happening, though in some state legislatures and on college campuses the emotional anti-apartheid drive is likely to continue.

The first indication of hardening resistance to disinvestment came with the fierce, instantaneous opposition to moves in the New York state legislature, announced this week by New York's governor, Mr Mario Cuomo, calling for a five-year withdrawal of the R9-billion New York has invested in US firms doing business in South Africa.

When the move was made six months ago to withdraw New York city's estimated R4-billion from US companies trading in or with South Africa, it spurred an outburst of anti-South African sentiment.

Since then, other state and city legislatures, under the pressure of an unprecedented political campaign, have also yielded to the anti-disinvestment movement, but with noticeable signs of dissent from opponents willing to risk the political opprobrium, often in cities with large black voting blocks, of seeming to "support apartheid".

This week the opposition "went public," with newspapers and TV commentators either opposing disinvestment outright or questioning the motives of its supporters or what effect on South African opinion the moves were likely to have.

Today, the state of New York's financial comptroller, Mr Edward Regan, his fellow Republicans in the legislature already determined to halt the governor's disinvestment move, responded by hinting that he might do the same as his predecessor who instituted a court action a decade ago when the legislature ordered him to use the state pension fund to help bale out a bankrupt New York city government.

Some of the most trenchant opposition has come, suddenly and unexpectedly, from newspapers in several major cities.

One newspaper with a nationwide circulation of 1.4 million and two of New York's most widely read dailies today devoted their entire editorial comment space to the issue and all came out strongly against disinvestment.

One of them, the Daily News, said: "Governor Cuomo says the state should demonstrate 'the abhorrence of our residents to the pernicious system of apartheid.' If apartheid isn't wound up by 1990, New York will sell all its holdings in companies that do business in South Africa.

"Cuomo may then feel good — but nothing will be changed. That's the trouble with 'divestiture.' It's just a gesture."



**US protestor outside SA embassy**

Even stronger language came from the rival New York Post today.

It pointed out that New York's huge investments in

such companies as General Motors and IBM were made with one purpose in mind — maximum return.

"It cannot be any other way. The law is very specific on that point. Yet Cuomo and Fink would change the law."

The paper said they cited "moral imperatives" and insisted that political consideration should determine investment policy.

"In essence, Cuomo and Fink are proposing the conversion of New York's two principal pension systems into a political weapon — nothing less."

Similar views, though couched more guardedly, have been expressed by such papers as the Wall Street Journal, Christian Science Monitor and the Los Angeles Times.

The two liberal "establishment" newspapers, The New York Times and The Washington Post, which have in recent weeks been bitterly critical of South Africa, have been notably silent this week.

One source who has been monitoring the disinvestment campaign said today: "It would be a mistake to think the steam has gone out of the campaign. But what is significant is that when the Washington demonstrators and the students on the campuses were occupying centre-stage, they seemed to be carrying the day.

"But all along, it has been apparent that there is massive opposition in the US to the very principle of disinvestment. That opposition, which is where the real political muscle lies, has only now started to make itself felt."

# Merger to form Samcor sealed

**JOHANNESBURG** — The merger between Anglo American Corporation and Ford Motor Company to form the South African Motor Corporation (Samcor), was sealed yesterday.

Mr Leslie Boyd, an executive director of Anglo American, who is the chairman of the new company, and Mr Lindsey Halstead, vice-president, Ford Motor Company U S with responsibilities for South Africa, signed the merger agreement at Anglo American's head office in Johannesburg.

In a joint statement issued after the signing Mr Boyd and Mr Halstead said: "This consolidation reflects a present need for greater efficiency by both companies in a constrained, highly competitive national market with minimal prospect for short-term growth.

## Output

'We are confident that this merger will soon strengthen our product range, productive capacity, market competitiveness and our long-term presence in South Africa.

'This merger, which is based on business considerations, is both timely and on target. Discussions between Ford and Anglo American began nearly 14 months ago. Final signing of the Samcor agreement could only be effected after the 1984 balance sheets of both partner companies were available.

'Reflecting assets and liabilities shown in these statements, Ford Canada will hold a 42 percent interest in Samcor while Anglo and associates will have a 58 percent share.

'In South Africa as in a number of other countries, such mergers now represent a necessary adjustment to changing competitive realities. As part of this process, but particularly because of the continuing depressed state of South Africa's economy, Samcor will find it necessary to achieve facility rationalisation. — (Sapa)

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CAPE TOWN 24/5/85 62

# Keeping 'close eye' on disinvestment campaign — De Loor

NEW YORK. — The disinvestment campaign presently sweeping across the United States is being assisted by the downturn in the South African economy, says the Director General of the Department of Finance, Dr Joop de Loor.

Dr De Loor, who is in the United States after attending a closed meeting of investors in New York, told Sapa that although the purpose of his visit was not to investigate the disinvestment campaign, he was keeping a "close eye" on developments.

There are about 30 Bills before the United States Congress which in one way or another call for the withdrawal of American business interests in South Africa.

"I think the disinvestment campaign that is being waged here is being assisted by the relatively low returns compared with what have been earned in the past years in South Africa ... simply because at the moment we are in the down part of the business cycle," said Dr De Loor.

Dr De Loor added: "But as soon as that (business cycle) starts picking up and the re-



Dr Joop de Loor

turns start increasing, then I think investors will be less worried about what the political problems are and they will assess them in a professional way."

He said, however, that the South African economy was gradually "forming a very healthy foundation".

"It's working well ... interest rates are coming down. There are very good signs in the wind

and one would just have to see. It's a long path but it will be worthwhile in the end."

As to the conference of investors, which was arranged by the New York publication, The Institutional Investor, Dr De Loor said there were investors who were "very interested in what we had to say is going on in South Africa".

He said: "There was a very substantial interest in South Africa ... we have several queries that we will be following up when we get back home."

He described the attitude towards South Africa at the conference as "positive" and "heartening".

"They were professional investors and not politically orientated. They wanted to know the risks and rewards, to make a pure investment decision ... they were apolitical or, should I say, non-political investors."

"We were able to give them a little bit of background information as to what is going on in South Africa because they were unable, from what is published in the press here, to really get what we feel is a more balanced view," he said. — Sapa



APAC Times 24/5/85 (62)

## American body warns against disinvestment

NEW YORK. — A former chairman of the Council of Economic Advisers, the body that counsels American presidents on financial strategy, has warned that disinvestment from South Africa meant "giving up our business interests and any practical leverage we may have had for effecting social progress".

Mr. Murray Weidenbaum, now director of the Centre for the Study

of American Business at Washington University in St Louis, said in the Christian Science Monitor the controversy related to whether American private investment in the Republic helped or hindered the process of moving South African society away from apartheid.

Mr Weidenbaum said an ironic aspect "is the nature of the opposition in that country from the extreme right, as well as the extreme left".

"Those advocating the violent overthrow of the existing order want to see that nation destabilized by the exodus of US companies," he wrote.

"What is far more revealing is the opposition by the firmest supporters of apartheid. The latter view US companies as leading South Africa to economic and social freedom, and thus to the multi-racial society that they oppose."

# U S should ease pressure on S A, says chief

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NM 24/5/85

African Affairs  
Correspondent

**ULUNDI**—The threat of American disinvestment had shaken South Africa and it was not in anybody's interest that the Americans now overplayed their hand.

This is the view of the Chief Minister of KwaZulu, Chief Mangosuthu Buthelezi, who is also Minister of Economic Affairs of the region.

In his policy speech in this portfolio in the Legislative Assembly yesterday, Chief Buthelezi said blacks in South Africa were grateful for the increased pressure which had been the consequence of the American debate on disinvestment.

However, he pleaded with Americans to let the matter rest there so that blacks in this country could capitalise on whatever gains there may

have been.

Chief Buthelezi warned that the American debate on apartheid and on disinvestment as an appropriate retribution for apartheid needed to be taken far more seriously than the average South African recognised.

'I simply do not believe that white South Africa, and the National Party in particular, will respond positively to real economic pressures being brought to bear on this country,' Chief Buthelezi said.

## Survival

'White South Africa has got fat to live off and the world has repeatedly seen what can happen when governments turn economies into war economies and take the kind of war-time measures which the reality of a threat produces.'

He maintained that, in such a situation, white

survival would come first and those who were really working for the economic isolation of South Africa regarded blacks as expendable items in the political games which they played.

The Chief Minister said many people tried to hang the label round his neck of being a 'capitalist stooge' when he argued the case for continued investment.

There were some who accused him of siding with irresponsible capitalism in the terrible exploitation of black workers.

'This is a slanderous lie. I have always warned capitalism that exploitation spells out the doomsday message of free enterprise interests,' he said.

Chief Buthelezi said the KwaZulu Government was deeply concerned about the future of work-

ers and had always championed the cause of trade unionism.

He said he had already suggested to the KwaZulu Finance Corporation (KFC) that the time had come for the relevant authorities in the region to draft a code of employment practice for industrialists operating in KwaZulu.

## Mandatory

Chief Buthelezi said the KFC had established a committee under the chairmanship of Prof Lawrence Schlemmer, head of the Centre for Applied Social Sciences at the University of Natal, to undertake this task.

He said if the KwaZulu authorities could not make a code of conduct mandatory, then they should strive to make such a code binding on those employers and workers by their mutual consent.

# Stage set for disinvestment court battle

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**NEW YORK**—New York State's proposed legislation to divest itself of holdings in corporations that do business in South Africa could be illegal and unconstitutional, it was disclosed yesterday.

And the stage is being set for a crucial courtroom battle that could affect much of the current disinvestment campaign in the United States.

The New York State Governor, Mr Mario Cuomo, and Mr Stanley Fink, Speaker of the State's Assembly, have proposed a Bill that would require the sale of State pension fund investments in companies doing business with South Africa.

But the State's comptroller (treasurer), Mr. Edward Regan, the top elected Republican in the New York capital, Albany, may openly defy any such law, it was learned yesterday, because his legal advisers believe the legislation would be unconstitutional.

Mr Regan's role is pivotal because, constitutionally, he is the custodian of the massive pension funds and is bound by law to do the best he can for those funds without fear or favour.

Article V, section 7, of New York State's constitution specifically bars the legislature from any act that could 'diminish or impair' pension fund benefits.

Mr Regan's spokesman, Mr Marvin Nailor, stated yesterday that the comptroller would not divest stock in companies doing business in South Africa 'for any reason'.

He added: 'We'd have to consider whether any legislation might erode the comptroller's fiduciary responsibility' to obtain the highest returns from the pension system.

Mr Regan was contemplating mounting a legal challenge to any such legislation.

Meanwhile, experts in legislative law yesterday cited a 1975 decision by the New York State Court of Appeals to back their claim that the Cuomo-Fink proposal would turn out to be illegal.

The 6-1 Court decision threw out a law requiring the then comptroller to invest State pension funds in Big Mac bonds.

The decision held specifically that the New York State legislature had no right to strip the comptroller of his discretion as far as the investment of retirement funds was concerned.

Meanwhile, the majority leader in the New York State Senate, Mr Warren Anderson, a veteran Republican politician, also indicated that he believed the Cuomo-Fink proposal was unconstitutional and pledged to fight it. — (Sapa)

**'We need  
more US  
investment'**

Own Correspondent

THE West should double its South African investment, the Chief Minister of KwaZulu, Chief Gatsha Mangosuthu Buthelezi, has urged American leaders.

Speaking in his capacity as KwaZulu Minister of Economic Affairs, Chief Buthelezi said he had been asked by *Leadership South Africa* magazine to provide an article for a special issue to be distributed to every American congressman and congresswoman.

"It would, I believe, be irresponsible of Americans to further the aims of those who want to bring about political changes through violent confrontation, regardless of the consequences they may have on the growth potential of the South African economy."

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# Inkatha fights disinvestment

NO mass meeting of black South Africans had ever approved of disinvestment as a strategy against apartheid, said a petition handed to the United States Consul-general, Mr Harry Geisel, at his Durban North residence yesterday by members of the central committee of Inkatha and an estimated 2 000 supporters.

The petition, which was supplemented by 967 of

*Sowetan 28/5/85*  
the 10 000 signatures collected by Inkatha against disinvestment, also stated that no democratically elected leader in a membership-based organisation of any importance had ever been given a mandate to accept disinvestment as a viable black political option.

"On behalf of black South Africa, we petition President Reagan, the senators of the USA and its congressmen to reject all pressures exerted on them to express abhorrence of apartheid through disinvestment in South Africa," said the petition.

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2 Cape Times, Tues

28/5/85  
**Inkatha  
protests  
to US  
consul**

Own Correspondent

**DURBAN.** — Twenty bus-loads of Inkatha supporters yesterday arrived at the Durban North home of United States Consul-General Mr Harry Geisel and handed him a petition opposing the withdrawal of foreign investments from South Africa.

Mr Geisel said the protest showed the seriousness of the situation. "I will not forget this day. All the American people want is what is best for all the people of South Africa."

Presenting the 967-signature petition, Mr Winington Sabelo, a member of Inkatha's Central Committee, said: "We, as the elected leaders of our community, wish to demonstrate to the outside world our strongest objection to disinvestment.

"The large turnout is to highlight the hardship and suffering our people are undergoing because of unemployment. Blacks will be the first to suffer if foreign businesses are allowed to pull out."

He said people who were advocating disinvestment did not represent the black majority. "We say to hell with disinvestment and to hell with sanctions."

Mr Sabelo said Inkatha had 1.000 000 card-carrying members, and that there were some 146 000 without jobs in and around Durban.

THE anti-disinvestment campaign took a new turn yesterday when 20 busloads of Inkatha supporters arrived at the Durban North home of United States Consul-General Mr Harry Geisel and handed him a petition opposing the withdrawal of foreign investments from South Africa.

The nearly 2 000 demonstrators, some carrying placards, sang freedom songs as they marched into the gardens of the American envoy's palatial home in 'millionaire's row' in Monteith Place.

They filled every available space in the sprawling gardens and some climbed trees to get a bird's eye view of the ceremony.

Placards read: 'We want jobs for subsistence', 'No to disinvestment', 'When did the masses call for disinvestment?' 'We want jobs' and 'The clergy are not the workers nor political leaders — we are the masses'.

The consulate was closed yesterday, Memorial Day, a public holiday in America.

After receiving the petition, Mr Geisel said he was impressed by the protest and it showed the seriousness of the situation. 'I will not forget this day. All the American people want is what is best for all the people of South Africa.'

### Objection

Mr Geisel said he was leaving for Cape Town later in the day to hand the petition to American Ambassador Mr Herman Nickle for transmission to Washington.

Presenting the 967-signature petition — part of a 10 000-signature protest against disinvestment — Mr Winnington Sabelo, a member of Inkatha's central committee, said: 'We as the elected leaders of our community wish to demonstrate to the outside world our strongest objection to disinvestment.'

The large turn out is to highlight the hardship and suffering our people are under going because of unemployment. Blacks



Inkatha demonstrators, carrying placards, pack Geisel in Durban North yesterday.

will be the first to suffer if foreign businesses are allowed to pull out.'

'We totally disagree with Bishop Desmond Tutu's stance. He is not an elected leader. We say to hell with disinvestment and to hell with

sanctions.'

Mr Sabelo said Inkatha represented 1 000 000 card-carrying members and was fully behind the sentiments expressed by its leader, Chief Mangosuthu Buthelezi, during his recent visit overseas.

## The petition

THE petition signed by 967 blacks called on President Reagan to reject all pressures for the withdrawal of investment from South Africa.

It said no mass meeting of black South Africans had ever approved of disinvestment as a strategy against apartheid.

No democratically elected leader of any organisation of importance had ever been given a mandate to accept disinvestment as a viable black political option.

The petition said disinvestment would minimise positive Western influences which were needed in South Africa to speed up the process of change. It would further the politics of violence and damage the politics of reason.

Disinvestment was advocated by those who could not see that economic progress gave rise to intergroup dependencies.

Massive backlogs in black housing, education, health and welfare services would not be made up if the economic foundations of South Africa were damaged in liberating it from the tyranny of racial oppression.

'Black poverty will be greatly increased if effective disinvestment campaigns lower unemployment levels.'

'The U S, as the world's leading industrial democracy, should do everything in its power to foster the economic development of the whole of southern Africa.'

'This obligation to Africa and to the Third World will not be served by damaging not only the South African economy, but also impoverished neighbourhood economies.'

Don't disinvest, 2 000 demos tell US envoy

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# An investment strategy to undermine apartheid

(62) B. Day 28/5/85

FEW Americans, if any, defend apartheid in South Africa. But they are deeply divided on how to make it disappear. The hard line is called "disinvestment" — strong, legal measures to put pressure on US companies with SA investments to pull out. This strategy is supposed to make government recognise that apartheid is too costly to sustain. The second, softer, approach is described by the Reagan administration as "constructive engagement" and involves extensive economic and diplomatic contact to dissipate siege mentality in Pretoria and foster gradual change. Frustration with the "inadequate success" of constructive engagement has generated additional momentum in Congress for legislation on disinvestment.

But disinvestment would be a serious mistake, penalising SA's blacks and making the dissolution of apartheid more difficult. The concept is based on a misunderstanding of Afrikanerdom and a historically unjustified confidence in the effectiveness of boycotts.

## Marginal

Disinvestment would have at most a marginal impact on SA's economy. Even if disinvestment did begin to bite, it would slow the workplace reforms pioneered by the progressive US companies in SA and weaken black unions while strengthening the position of conservative white workers. Most important, disinvestment could blunt the economic forces that are slowly, but inexorably, undermining apartheid's foundations.

It is the unstated premise of disinvestment that this policy will achieve reform only if the country is polarised further, leading to violent and bloody revolution — out of which, perhaps, a peaceful and stable democratic state will emerge. One trouble is post-colonial Africa offers no precedent for this.

Nor is constructive engagement, albeit much sounder than disinvestment, a sufficient policy. Rather than relying only on the diplomacy of such an effort, the US administration should fashion a more activist strategy, recognising that it is economic growth, coupled with the colour-blind employment practices of US companies, that poses the greatest threat to apartheid. The \$2bn in US assets in the country represents 20% of total foreign direct investment, dominating such areas as oil and computers.

## STUART BUTLER

*director, domestic policy studies, Heritage Foundation*

Instead of disinvestment, increased US participation in the SA economy should be encouraged. The US government should provide special assistance through US companies to upgrade the educational and management skills of black South Africans and help them form businesses of their own. Assistance also should be given to US trade unionists to train black union organisers.

Finally, technical assistance and encouragement should be given to speed the recent decision by government to return to the private sector key segments of the nationalised economy, thus taking control from conservative bureaucrats.

A recent analysis by the Economist claims the effect of US disinvestment would be small and could conceivably boost the country's economy. Total investment from outside SA has "slowed to a trickle," falling below \$100m a year.

And the disinvestment rationale ignores the possibility of SA retaliation. Dividends sent abroad by firms in SA are three times greater than foreign investment entering at present. Disinvestment thus could be countered by a dividend export freeze. So disinvestment would be "once-for-all Marshall Aid".

## Threaten

The British journal also points out that if US companies were forced to withdraw from SA the action would threaten the employment of 120 000 blacks, many of whom have learned new skills and earned promotions in progressive, desegregated US companies. If these firms closed, many of their black employees would be liable for deportation to the tribal homelands. More likely, government would nationalise the companies or allow local firms to take them over.

Black South Africans comprise about 75% of the country's workforce and half its skilled labour. As the economy has grown, shortages of white labour have allowed blacks to force themselves into occupations once reserved for

whites. Disinvestment may be favoured by black organisations and liberals in the US, but polls reveal that it is opposed by SA's urban blacks, who strongly support the presence of foreign firms that have done so much to improve their economic and social status.

SA's black National African Chamber of Commerce and Industry, for instance, sent a memorandum to Senator Edward Kennedy during his visit to SA attacking disinvestment as inhibiting economic growth, "which is a powerful catalyst in the process of peaceful social and political reform in the country". The same view was expressed by Chief Gatsha Buthelezi, a fierce opponent of apartheid. He called disinvestment "tactical madness."

## The choice

Those SA blacks who oppose disinvestment are denounced by SA's militant black leaders and their US allies for two reasons. First, to be successful politically they must seek to persuade Congress and the American people that the choice is simple and stark — either one supports "the blacks" in SA, who are supposedly unanimous in their support of disinvestment, or one supports white racism. To recognise the deep disagreement among SA blacks regarding strategy would make it easier for Americans to oppose disinvestment.

Second, some advocates of disinvestment seem to favour revolutionary change in SA. For them, there is sense to the old revolutionary dictum: the worse, the better. As such, the fact that disinvestment would hit blacks harder than whites is a virtue, since it would drive blacks into economic despair and militancy.

The politics of Afrikanerdom reinforces the argument that disinvestment will fail. The history of SA has been characterised by Afrikaners seeking to retain their ethnic and social identity against outside threats — from the English, from the non-whites and even from erosion by industrialisation.

The US administration and Congress should reject the call for disinvestment and instead attack apartheid's soft underbelly by encouraging even more US investment in SA, thereby speeding up the corrosive effect of economic growth on the foundations of apartheid.



CAPL Times 30/5/85

Fighting disinvestment (2)

# How to respond to US sanctions

By DAVID WELSH

*This is the last of two extracts from an extended article by Professor Welsh which appears in the journal Leadership (first quarter 1985).*

IT WOULD be a serious mistake to dismiss the disinvestment lobby, at least in the United States, as a bunch of misguided radicals.

True enough, there are radicals among them, but there are also many sober-minded and relatively moderate people who argue for some form of sanctions not as a means of destabilizing South Africa into a revolutionary situation but rather as a means of inducing non-violent change.

Apart from any other concerns, politicians are perceiving that disinvestment is an issue that will run and that they should exploit it for their own political purposes. Even significant numbers of Republicans are quite likely to line up in support of the imposition of some form of sanctions. Increasingly the debate is going to become less about whether or not sanctions are imposed, but over how far-reaching they ought to be.

## Answer may be negative

How should we respond to the mounting threat? In my view the major thrust of the response ought to be to demonstrate that not only are sanctions unlikely to achieve any of the goals that their proponents claim, but that they are likely to hinder reform in South Africa. This has to be a subtle argument that relies on nice distinctions, because I have already conceded, as I think one must, that the threat of disinvestment has been one factor in spurring reform.

On the other hand, those who believe that damaging the South African economy, whether by threat or by deed (or both), have an obligation to show how this will induce change. Can they show that sanctions have played a significant part in promoting desired political change in other states against which they have been applied? Virtually all the evidence suggests that the answer must be in the negative. . . .

The apparently endemic violence that has marked South Africa since mid-1976 should not be confused with revolutionary violence.

For all the horrifying loss of life and the destruction of property, most of the violence has been a relatively inchoate expression of anger and frustration rather than a planned, systematic attempt to overthrow the state.

The question of sanctions has an indirect though real pertinence here. Imagine a hypothetical situation in which all of the real grievances of urban blacks (rentals, education, lack of effective local authorities, etc.) were held constant but unemployment was very small. Would you have had the violence? One cannot be very certain but I am inclined strongly to doubt it.

Now, if sanctions increase unemployment, there is consequently every chance of increasing violence in the already tense urban areas.

Port Elizabeth is an unfortunate prospective case in point. Already it has a black unemployment rate of over 30 percent, and with the contraction of its motor car industry, several thousand more unemployed will swell the pool. Its black townships have been the scene of sporadic violence for nearly a decade, and this new development can only aggravate matters. Endemic violence reduced Port Elizabeth's locational attractiveness to entrepreneurs, so that its chances of breaking out of the vicious circle are proportionately reduced.

If applied, sanctions may well make it virtually impossible to cope with the massive problems of

population growth and the provision of jobs for the burgeoning population.

With its population likely to double in 29 years and with a need to create at least 250 000 jobs per annum (others project an even higher figure) just to provide employment for new entrants into the labour market, South Africa needs a growth rate of seven to eight percent.

In recent years, however, the economy's performance has been poor: annual growth rates have been nowhere near the targeted 5.5 percent, investment has been declining, and unemployment

has taken on alarming proportions. Far from creating 250 000 jobs annually, the number of black-occupied jobs may well have shrunk. Fears of disinvestment, among other factors, have made their contribution to this dismal picture.

An alternative view of change points to the leverage that blacks might acquire in an expanding economy.

In making this argument the assumption is that the strategy of armed struggle or liberation through violence will not succeed. If this is so, blacks have to look at alternative strategies, and none is more promising than seeking to maximize their economic bargaining power.

With the steady abolition of statutory restrictions on black upward occupational mobility (only in the mining industry do restrictions remain) and the chronic shortage of skilled and other highly trained personnel, the next decades should see striking black advance.

Indeed, a Human Sciences Research Council projection is that by the year 2000 eight out of 10 skilled jobs will be performed by blacks. Other projections suggest that blacks will constitute a sizeable minority in the managerial stratum by the same time. Black urbanization will probably double in the next 20 years, despite efforts to curb it. Another important index is black consumer power, which is now roughly at the same level as white consumer power.

## Black economic muscle

The unionization of the black urban labour force has also proceeded apace over the past five years since the government's recognition of the right of blacks to participate in statutory industrial bargaining. Some 20 to 25 percent of urban black workers (excluding domestic workers) belong to registered and unregistered trade unions. This figure is likely to grow quite rapidly.

To point to these indices of actual and potential black economic advance is not to overlook the growth of unemployment and the deteriorating conditions in black rural areas.

On balance, however, the indices suggest growing black economic muscle. It could not be argued that this growing muscle converts automatically into political power, but it is highly likely that the more economically advanced and better educated a population group becomes, the more it will demand a share of political power and the less easily it will allow itself to be discriminated against.

If this argument is correct then it largely undermines whatever case might be made for sanctions as a source of change. More than this, indeed, it can be contended that sanctions run clean counter to the most hopeful strategy that blacks can pursue to secure their own liberation.

I believe that it is possible to demolish or seriously to discredit every single argument that has so far been advanced in support of the idea of sanctions. In the interests of all South Africans this must be done. But the most convincing answer of all would be to demonstrate that we are serious and sincere in our proclaimed desire to abolish racial discrimination and to create a decent and compassionate society firmly based on a respect for human freedom.



Prof David Welsh

## The pressure starts

In the face of initial successes of the US disinvestment lobby, the American Chamber of Commerce in SA (Amcham) has started to make its voice heard more clearly on political and economic reform in SA. Last week, the Amcham board met Finance Minister Barend du Plessis, Manpower Minister Pietie du Plessis, Trade and Industry Minister Dawie de Villiers and senior officials of five government departments for discussions on policy reforms.

Amcham has also presented a formidable memorandum to Constitutional Development and Planning Minister Chris Heunis, as chairman of the special Cabinet Committee investigating black rights. Among other things, the memorandum asks government to announce its intention to grant the parliamentary franchise to blacks, for the unbanning of the African National Congress and Pan Africanist Congress and the scrapping

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of influx control.

Amcham has also sent out a questionnaire to its members, asking them for their views and practical problems on questions like influx control, group areas, business rights for blacks and black citizenship.

The covering letter states: "In order for us to approach the government on issues of reform and change, we need to be as specific as possible about which changes we want to see. We need to specify which irritants and constraints we would like to see removed and which suggestions we propose that will lead to a more equitable society and to a more productive work environment."

In the memorandum to Heunis, Amcham states:

- Government should announce that it is its intention to grant parliamentary franchise to blacks, and that this will be done when an appropriate formula has been agreed upon by the leaders of all population groups;
- Government should also announce that once this formula has been agreed upon, the franchise would be extended also to blacks resident in the homelands;
- Blacks should be given representation on the State President's Committee on National Priorities;
- This formula can only be arrived at by South Africans themselves through an agreed process of negotiation in which representatives of all race groups and political parties can freely participate. Therefore, the ANC and PAC must be unbanned and their leaders now in prison or exile should be granted an amnesty, subject to their agreement to participate in lawful democratic procedures and to dissociate themselves from violence;
- Government must immediately issue a clear statement to the effect that the black local authorities are a form of three-tier government only, and that their establishment should in no way be seen as a substitute for black political rights at other levels;
- Government should embark on an explicit programme to phase out influx control and the migrant labour system within a stated period of time;
- Continuing to deny blacks the right to own land in freehold, a right which lies at the very heart of the free enterprise system, is likely to undermine black commitment to that system. The granting of freehold rights would remove a major piece of discrimination and would be conducive to greater political stability in black townships;
- Population removals do grievous damage to SA, both in terms of racial goodwill within the country and in terms of the country's image abroad, and should be stopped immediately; and
- CBDs should be opened to all, and discretion should not be left in the hands of local authorities. All petty restrictions that inhibit both formal and informal business development in black townships should be removed, and the Welgemoed Commission's proposals restricting minibus taxis should be rejected. ■

Financial Mail May 31 1985

FOREIGN FIRMS IN SA - U.S.A.

1985

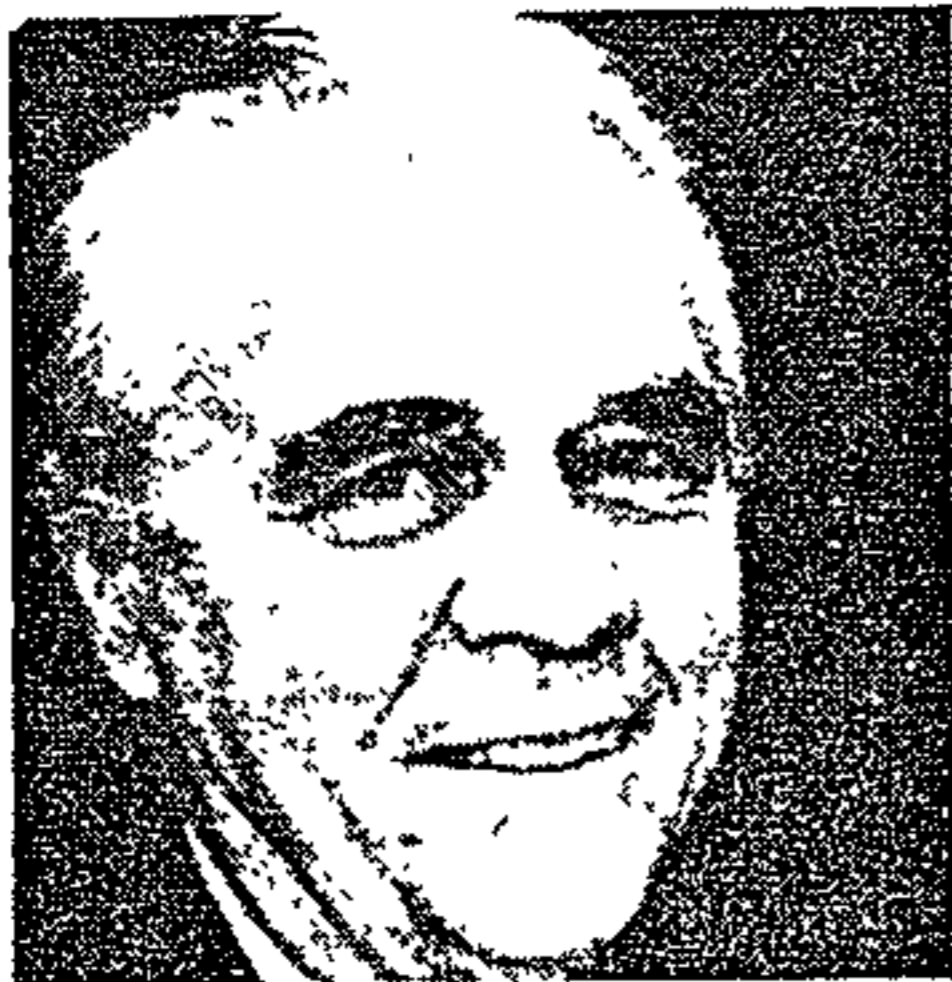
JUNE — DEC.

# US anger over SA Cabinda 'deception'

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Mr Brand Fourie

From NEIL LURSEN, Argus Foreign Service

WASHINGTON. — American anger and dismay over the military incursion into Cabinda is hanging like a dark cloud over the United States Congress, which today resumes the debate on economic sanctions against South Africa.

Even without the Cabinda incident, the sanctions were certain to have been approved by the US House of Representatives.

The critical issue now is the extent to which Republicans in the US Senate feel let down by a military act which, it is alleged, was aimed at sabotaging an American oil installation and not at gathering intelligence.

Their attitude could tip the scales on sanctions.

A spokesman for Senator Edward Kennedy, sponsor of one of the sanctions Bills, said today: "I think the State Department believes it has been deceived by the South African Government.

"They stuck their necks out for a policy of constructive engagement which they thought would be sensible and make progress. Now they have been shot in the back. I can understand their anger."

## Their disappointment

What was supposed to be just a farewell call yesterday by outgoing South African Ambassador Dr Brand Fourie on US Secretary of State Mr George Shultz, turned into yet another opportunity for the Americans to express their disappointment at Pretoria's explanation for the raid, sources said.

Since the raid took place, they said, Mr Fourie had been called to the State Department six times. The American Ambassador in South Africa, Mr Herman Nickel, had seen the Minister of Foreign Affairs, Mr Pik Botha, three times.

"We have the matter under urgent review with the South Africans," a State Department spokesman said.

"We continue to press firmly at a high level for a satisfactory explanation from the South African Government. We are disappointed that the South African Government has not yet provided such an explanation."

Asked whether he thought the raid would affect US ties with South Africa, the spokesman said: "We take this incident very seriously. It is too early to say what effect it will have on our relationship (but we are clearly entering a ser-

## Troop withdrawal welcomed



Mr Brand Fourie

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In spite of its openly expressed annoyance, the Reagan Administration continues to oppose economic sanctions, fearing they will blunt the movement toward domestic reform and the achievement of US diplomatic goals in the region.

The Democratic-controlled House of Representatives long ago ran out of patience with the administration's policies in Southern Africa and wants tough action this year to express US abhorrence of apartheid and Pretoria's actions against her neighbours.

### Period of grace

The Republican-controlled Senate may be able to forestall immediate sanctions and opt for a two-year period of grace.

A clearer idea of what Congress will decide will emerge today when the sanctions debate resumes in two areas.

The first will be on the floor of the House of Representatives where Congressman Bill Gray's package of four sanctions measures — bans on new investments, bank loans, Krugerrand sales, and computer exports — is expected to go to the vote this evening.

The second is in the Senate Foreign Relations Committee earlier in the day, when senators are expected to decide on the form of the South African  
(Turn to Page 3, col 8)

## Troop withdrawal welcomed

TOS WENTZEL  
Political Correspondent

AMERICAN sources today cautiously welcomed the announcement of the withdrawal of South African troops from Calueque.

It was interpreted as an attempt by South Africa to win back world confidence that it was sincere about securing solutions to the region's problems.

The West apparently remains highly sceptical about South Africa's version of why it had reconnaissance commandos in the Angolan enclave of Cabinda.

The last small group of troops at Calueque, on the border of Angola and SWA/Namibia where there is a big hydroelectric installation, had been withdrawn, the Minister of Foreign Affairs, Mr Pik Botha, said.

### SA COMMITTED

He said the assurance had been given to the US at a meeting with the American Ambassador, Mr Herman Nickel.

Mr Botha also reaffirmed that the Government remained committed to the implementation of the international settlement plan based on UN Resolution 435 if an agreement could be reached on the withdrawal of Cuban troops from SWA/Namibia.

# Will US firms help eradicate apartheid?

THE AMERICAN Chamber of Commerce has submitted a memorandum to the Government on various issues affecting the black community outside the homelands.

While the points raised in the memorandum are the cause of bitterness in the country, one wonders if Amcham would have raised these points if American companies operating in the country were not under pressure from their country.

Also, since the seventies, the same companies have been telling the world of their adherence to the Sullivan Principles. Now that pressure is mounting, it has to be seen if these companies, while criticising the Government, will implement the Sullivan Code and eradicate racism and exploitation in their companies.

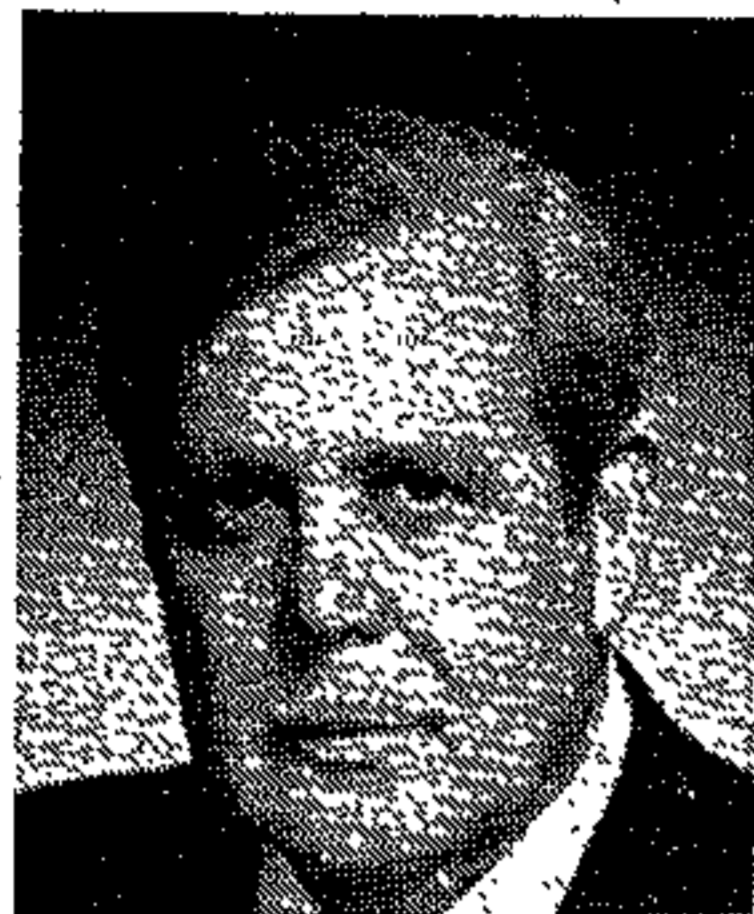
The memorandum was presented to the Minister of Constitutional Development and Planning, Mr Chris Heunis, in his capacity as chairman of the special committee on March 7, this year by a delegation from Amcham. The South African Institute of Race Relations received permission to publish the memorandum "in view of the importance of the issues raised".

The memorandum dealt with the following key issues: Urbanisation and influx control; housing; removals; migrant labour; business rights; citizenship; democratic participation; negotiation and consultation. Amcham said it had "the intention of making a constructive contribution to the process of policy formulation."

After reading what the memorandum contained, one wonders which country the American Chamber of Commerce refers to, especially in the previous paragraph. And that is where the tragedy lies, not much consultation was done by the Amcham delegation. Firstly, they did not consult black leaders and organisations before they drafted their memorandum. If they had, some of their proposals would not have been accepted by the majority of black people.

If what Amcham has been led to believe on legislation governing trade unions was true, one would expect the leading members of the chamber to check on the number of trade unionists who are in detention, in prison and those who have gone into exile — not to mention people who died in police custody, like Mr Andries Raditsela — before exposing their ignorance in public. When one comes to the "ever greater numbers in skilled and managerial posts now being occupied by blacks" — the less said about the memorandum the better for all concerned. It would be interesting to know how many companies who belong to Amcham have employed blacks in great numbers for the above positions.

There is desegregation of sport and sport facilities, Amcham says. This is true, but



MR Chris Heunis.

the Caledonian stadium in Pretoria and the sad plight of National Soccer League (NSL) side, Arcadia, has never come to their notice, nor has the Loftus Versfeld stadium, not to mention their private suites at Ellis Park stadium, which their employees do not enjoy. They also seem not to have heard of the Pretoria Parks' issue.

On the one hand Amcham speaks about ways that could generate funds for the local authorities in black areas that could be granted freehold rights, and on the other they talk about the universal rejection of homelands by blacks.

Amcham should have been told that blacks do not care much for the local authorities, whether they have funds or not, just as much as they do not care for the homelands. People do not have to be urged to grant others what is rightfully the other person's property. The South African Government knows as much as anybody else in this country and elsewhere that blacks belong to this country. Blacks do not have to beg for "rights".

The Amcham, through their memorandum, wanted to be seen to be doing something for blacks in this country, while they are playing for time and making more money — a reason why some black organisations reject American capitalism and all it stands for. The memorandum says nothing that was not known and rejected already.

The chamber has much more to do. It must take the lead in implementing some of the ambitious proposals they made — like employing people irrespective of what Section 10 rights they may have, build decent houses for so-called migrant labour in their employ, so that they can live with their fam-

ilies and not in the hostels we see mushrooming in the townships. Some hostels are those provided by companies and some may have shares in them.

In its preamble, Amcham says: "We do so in the knowledge that there are no simple solutions, but we believe that our viewpoint may be helpful to the Committee. American companies in South Africa contribute to the country and benefit from it and therefore want to contribute from our own experience both here and in the United States."

On urbanisation and influx control, Amcham says it is aware that the system has been under review for some years, and that certain modifications of a positive nature have been made, among them that blacks qualified for permanent residence in the urban areas and may change their jobs now more freely than in the past. The memo reads further: "We wish strongly to urge the Government to embark on an explicit programme to phase out influx control within a stated period of time."

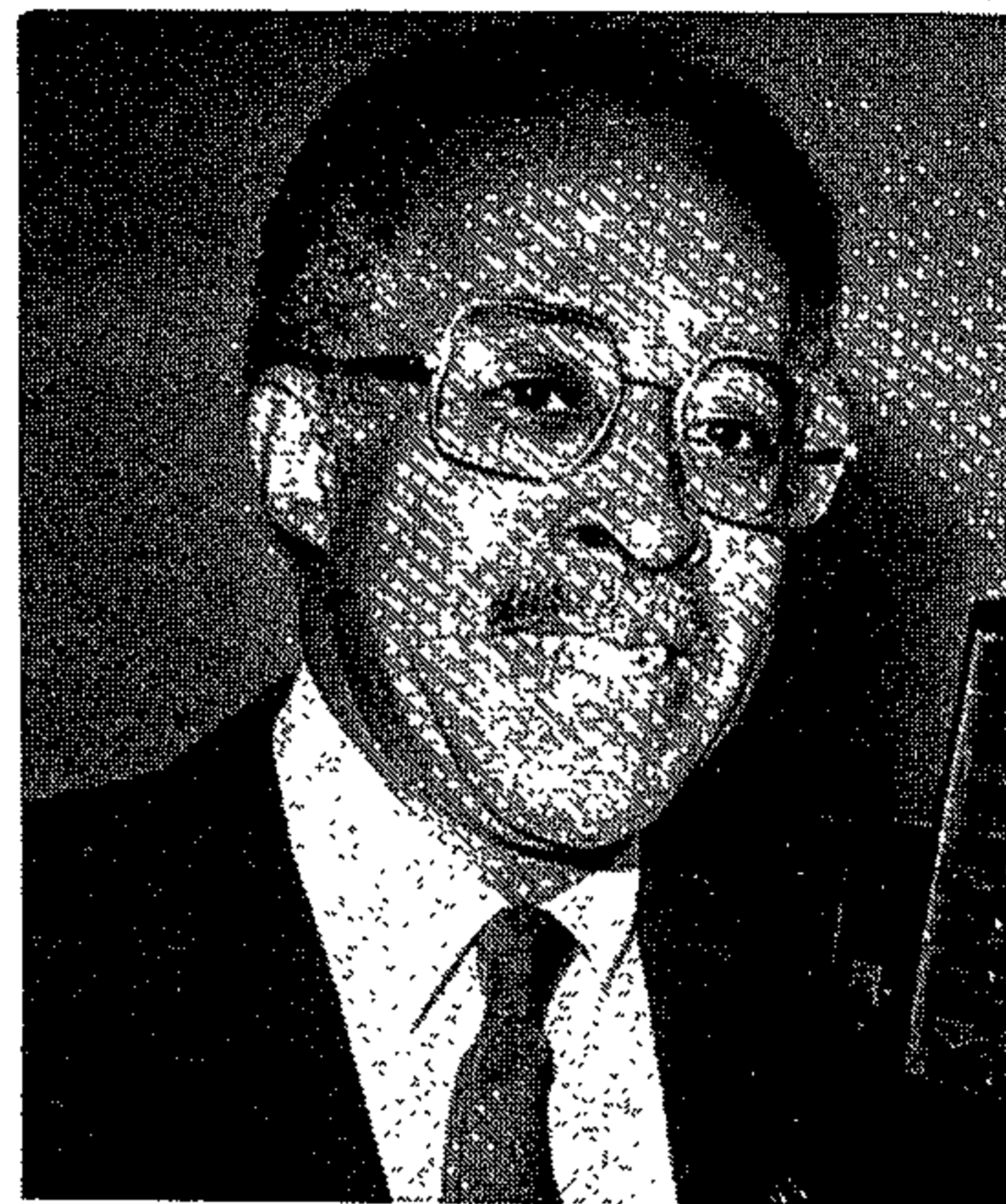
The costs of continued influx control in South Africa are high. Such costs include: The direct costs to the taxpayer of policing and administration; opportunity costs to the economy and to business resulting from artificial restrictions on the free movement of labour and; social costs in terms of damage to goodwill between the races.

"We believe that the present process of phasing out restrictions on the upward mobility of black labour into more skilled jobs should be accompanied by a deliberate programme to phase out geographical restrictions. As black employees are exposed to more responsibility and move into more senior jobs, it frequently becomes necessary to transfer them from a company's operations in one part of the country to another. The influx control laws are a major hindrance in this connection," Amcham says.

On housing Amcham said the introduction of the 99-year



The American Chamber of Commerce (Amcham), recently met Mr Chris Heunis, Minister of Constitutional Development. The South African Institute of Race Relations has issued a topical paper on the meeting. In this article, Sello Rabothata, SOWETAN senior reporter, looks at the meeting.



THE Rev. Leon Sullivan, author of the Sullivan Code.

leasehold system in many black townships was a major step forward, and the Government's recent announcement that this system will now be extended to certain townships in the Western Cape is also to be welcomed. Amcham again strongly urged the Government to grant freehold rights to urban blacks which the chamber believes is being given serious thought. It said the granting of freehold rights in urban townships would remove a major piece of racial discrimination, and at the same time be conducive to greater political stability.

Amcham adds that: "Continuing to deny black people the right to own land in freehold, a right which lies at the very heart of the free enterprise system, is likely to undermine black commitment to that system. Granting freehold rights in urban townships is important from another point of view, i.e. it would create a source of income for local authorities in these areas, as they would be able to levy assessment rates upon such property."

Population removals do grievous damage to South Africa, both in terms of racial goodwill within the country and in terms of the country's image abroad. Amcham again urged that the immediate cessation of removals apply not only to blacks removed to the homelands, but also to coloured and Indian (and the small number of whites) people removed in

districts to traders of all races has been under consideration since the Riekert Commission report was published in 1979. Again, it strongly urges that the CBDs should be opened, not only to coloured and Indian business and professional men and women, but also to blacks. The question at stake in this regard is "a principle fundamental to the free enterprise system and to the dismantling of racial discrimination".

An important, and widely discussed, part of the memorandum is the policy of denationalising black people — that is removing their South African citizenship — on the assumption of constitutional independence by homelands. This, according to Amcham, should be abandoned as it is not only contrary to international law, but is universally rejected by blacks.

On democratic participation, Amcham's position is that Government should rest upon the consent of the governed and that all adults, irrespective of race, should be accorded the right to representation in the legislature that has ultimate control of their lives. Amcham's proposals were based mostly on the local authorities and how they should be financed.

After exhausting all its ideas of making a "constructive contribution" to the process of policy formulation, Amcham leaves the rest to the same people they are trying to convert, the Government. An appropriate politi-

cal formula for South Africa can only be arrived at by South Africans themselves through an agreed process of negotiation in which representatives of all race groups and political parties can participate, Amcham says, adding that for such a process of negotiation to be effective, it must necessarily include leaders or organisations now prescribed and or operating in exile.

Amcham accordingly believes that the organisations in question should be legalised and that leaders thereof now in prison or in exile should be granted amnesty, subject to their agreement to participate in lawful democratic procedures and to disassociate themselves from violence. All persons in detention without trial should at the same time be charged or released.

Amcham says the following are an example of the government's goodwill and commitment to change; the growth of the black trade union movement and legislation providing for their registration following the Wiehahn Commission report; the employment of black people in ever greater numbers in skilled and managerial posts; the gradual abandonment of the industrial colour bar; the desegregation of sport and sports facilities; the desegregation of theatres and of certain hotels and restaurants; the increasing number of black students attending white universities.

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AKG us 4/6/85

# US anger at Cabinda incident

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Cont from Page 1

legislation that will go to the Senate for a vote.

Most expectations are that a Bill by the committee chairman, Senator Richard Lugar, will prevail. It calls for a two-year delay before sanctions are implemented and seeks to aid blacks with education and business grants.

## IMMEDIATE

However, at the most recent meeting of his committee, Senator Lugar said he was ready to consider other immediate steps.

This has been taken here to mean that he may agree to sanctions from other Bills being attached to his own Bill as amendments.

There is a wide range of options for the amendments, ranging from the ban on new US investments to restrictions on the number of South African consulates in the US and a ban on South African Airways landing rights.

## BIPARTISAN

Before Cabinda, analysts had predicted that the immediate sanctions Senator Lugar had in mind would be relatively mild.

They said his compromise attitude was clearly intended to forge a bipartisan approach to the South African question and an attempt to assert Senate leadership in Congress.

Now they are not so sure that the amendments will be mild.

Senate backs sanctions threat

# Tough US moves on disinvestment

62

B. Day  
5/6/87

By SIMON BARBER

AFTER a day of confused debate the Senate foreign relations committee yesterday rejected Senator Edward Kennedy's proposal for immediate bans on new investment in SA, and on Krugerrand imports, in a 9-7 party line vote.

It also rejected an attempt by conservative Senator William Roth to terminate SA's US landing rights and to close one of its consulates.

Nevertheless, the Republican-dominated panel voted 12-5 to end all US-SA nuclear commerce, bar bank loans to the SA government, restrict computer sales to the SA private sector and to government agencies not involved in the implementation of apartheid, and to make the Sullivan Code mandatory.

Furthermore, the committee overwhelmingly supported threatening Kennedy-style sanctions within 18 months — to start March 1987 — unless Pretoria was judged to have made substantial progress towards the elimination of apartheid.

Previously, the time limit had been set at two years. The reduction was proposed by the committee's chairman, Senator Richard Lugar.

The committee was initially divided over what penalties to impose on US

firms failing to comply with the Sullivan principles, and the exact level of funding for black education projects.

The senators finally decided to deny US government trade assistance to firms ignoring the code. Educational assistance was set at \$15m, nearly four times existing levels.

The panel also agreed to extend US government loans and lending guarantees to black-owned businesses, to require the President to begin consultations with US allies on a concerted programme of sanctions, and to force the US embassy and consulates in SA to abide by the fair employment standards.

A last-minute effort by Lugar to soften the nuclear trade ban, on the grounds it might help dissuade the administration from eventually vetoing the overall legislation, was soundly defeated.

The combined decisions set a new high-water mark for Senate action against South Africa, and came as the House of Representatives settled in for a full dress debate on its version of the Kennedy bill, sponsored by Congressman William Gray.

The full senate is expected to take up the committee's decision by the end of the month as an amendment to the State Department Authorisation Bill, which funds the diplomatic service. Senate staff members predicted that the landing rights ban would be reintroduced during the floor debate.

The senators appeared to be universally outraged by South Africa's controversial military operation in Cabinda, and called on Frank Wisner, the Deputy Assistant Secretary of State for Africa, to explain.

Wisner said SA Ambassador Brand Fourie had been summoned to the State Department seven times since the incident, to meet Secretary of State George Shultz.

"We find South Africa's explanation unconvincing and unsatisfactory," the official said, adding that the US was still trying to determine the truth.

McConnell, a conservative Republican, spoke for many when he said: "While the United States has been supporting constructive engagement on behalf of US and South African interests in peace and regional security, South Africa was conducting a mission designed to sabotage American business and put American lives at risk."

Meanwhile, Business Day's London Bureau reports that an official report published yesterday concludes the University of California could lose \$100m in the first year if it sold off shares in companies with ties to South Africa.

This finding is certain to add to the anti-apartheid controversy which has stirred up the biggest student protests since the Vietnam war era.

At stake is a portfolio worth \$1.4bn in 35 blue-chip American companies with subsidiaries in South Africa, including IBM, General Motors and Coca-Cola.

So far, steps towards partial or total divestment of holdings with links to South Africa, mostly in pension funds, have been taken by six American States, 26 cities and 39 universities.

But the combined total has reached only \$1bn — less than half the sum controlled by the University of California which has nine campuses and is the biggest institute of higher learning in the English-speaking world.

Yesterday's 1000-page report was compiled by the university's treasurer and legal adviser for the ruling body of 28 regents.

The loss of \$100m in the first year included \$21m in brokers' fees and the remainder from the impact on share prices of the massive sell-off — \$317m dollars in IBM alone.

The report said the university may have difficulty defending divestment as financially responsible in any lawsuit.

It also suggested that selling shares would have little impact on the companies involved and even less on South Africa's racial policies.



OHM Times 5/6/81  
62

# Nel warns US 'we'll retaliate'

JOHANNESBURG. — South Africa has threatened to retaliate if the United States goes ahead with disinvestment legislation now before Congress, SATV News reported last night.

It quoted the Deputy Minister of Foreign Affairs, Mr Louis Nel, telling a meeting in Fort Beaufort last night that if the measure was passed, South Africa would expel the million or so black workers from other Southern African states who were in this country illegally to seek a living.

"If legislation goes through the US this week, our enemies will be back next year pushing for more. Therefore it's necessary to put our foot down.

"The Americans must

realize that if they go ahead with disinvestment, South Africa will have to defend itself, and it will have to consider defending itself in a way that shows the world that South Africa is a regional power in Africa," Mr Nel said.

He also spoke of the requirements of any new deal.

Mr Nel said the rights of each group should be protected in South Africa.

He said the government wished to sit down and talk with moderate black leaders to work out a blueprint which would take these realities into account and find a solution acceptable to the majority of whites and blacks. — Sapa

# Support for anti-SA steps

CARE TIME  
5/6/85

62

From SIMON BARBER

WASHINGTON. — The Senate Foreign Relations Committee, in a 9-7 vote on party lines, yesterday rejected Senator Edward Kennedy's proposal of immediate bans on new investment in the Republic and on Kruger rand imports into the United States.

It also rejected a bid by conservative Senator William Roth to terminate South African landing rights in the US.

Nevertheless, the Republican-dominated committee voted 12 to 5 to end all nuclear commerce between South Africa and the US, bar bank loans to the South African Government, restrict computer sales to the South African private sector and to government agencies not involved in the implementation of apartheid, and to make the Sullivan Code mandatory.

Furthermore, the committee overwhelmingly supported threatening Kennedy-style sanctions within 18 months — to start in March 1987 — unless Pretoria was judged to have made substantial progress towards eliminating apartheid.

## Education

The senators also voted to increase funding for black educational projects to \$15-million (R30-million), nearly four times existing levels.

They also agreed to extend US Government loans and lending guarantees to black-owned businesses and to require the president to begin consultations with US allies on a concerted programme of sanctions.

A last-minute effort by the chairman, Senator Richard Lugar, to soften the nuclear trade ban, on the grounds that it might prevent the vetoing of the legislation, was defeated.

The senators were unanimously outraged by South Africa's controversial military operation in Cabinda, and called on Mr Frank Wisner, the deputy assistant Secretary of State for Africa, to explain.

● There are eighteen members of the committee, not all of whom are necessarily present when votes are taken.

62

# Conference on investing in SA

From JOHN BATTERSBY

LONDON. — A high-powered two-day conference on foreign investment in South Africa opens at London's exclusive Hilton Hotel today.

The conference, organized by the Swiss-based consultants Business International (BI) on behalf of its multi-national clients, will be ad-

ressed by Dr Gerrit Viljoen, Minister of Co-operation and Development, on the attitude of the South African Government on foreign investment. It is open only to members of BI at R2 500 a head.

The conference, entitled "South Africa: The Evolving Challenge to International Companies", will be followed on Friday by a similar one-day

conference in New York.

More than 60 participants are expected in London and about 110 in New York. They will include representatives from such companies as Barclays Bank (UK), British Petroleum, Consolidated Goldfields, Rank Xerox, General Motors, Lego, Nestles, British Oxygen and Unilever.

BI has some 300-odd corporate members, most multi-nationals with operations in the US and Western Europe. The multi-nationals attending this week's conference have operations in South Africa.

It is understood that representatives from the South African Embassy and the South African Foundation have been invited as observers.

Speakers at today's conference include Chief Gatsha Buthelezi, the chief minister of KwaZulu, speaking on black political demands, and Dr Gerard De Kock, the Governor of the SA Reserve bank, on economic and business prospects.

Tomorrow's speakers will include British Foreign Office Minister Malcolm Rifkind on Anglo-South African relations and United States Assistant Secretary of State Chester Crocker on US-SA relations.

Mr Basil Hersov, executive director of Anglo-Vaal and chairman of Barclays Bank (SA), will conclude the conference with an assessment of how South African companies are responding to the challenges.

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# Get ready to fight sanctions, SA told

AKS

5/6/85

~~SA~~ ~~SA~~ 62

Argus Correspondent

JOHANNESBURG. — South Africa was advised by big business today to start laying new strategic plans to cope with sanctions that may be imposed by the United States.

The advice came from the Association of Chambers of Commerce on the heels of moves in the US Senate to give the South African Government a deadline to show real progress in sweeping away apartheid within the next 18 months — or face sanctions.

Mr Raymond Parsons, chief executive of Assocom, said it was impossible to predict the precise actions intended by critics in the US, but South Africa should brace itself for the possibility of sanctions in one form or another.

"So far there has been more rhetoric than action," he said. "But the time has arrived for sharp realism."

"Fortunately, we have a few arrows in our quiver that can be used to good effect. Obviously we would prefer to avoid disinvestment and sanctions but we are not without remedies if the worst happens. We can handle it if we plan properly."

● The Argus Foreign Service reports from Washington that the Reagan Administration's efforts to save South Africa from economic sanctions received a severe setback when a key committee of the United States Senate voted 16-1 to support sanctions, including a ban on bank loans to the South African Government.

The vote makes it likely that both chambers of the US Congress will approve sanctions this year and that President Reagan will ultimately have to decide whether or not to veto them.

It is a blow to the Administration's policy of constructive engagement, a cornerstone of which is that sanctions will retard the momentum of reform in South Africa.



Mr Raymond Parsons



Mr Raymond Parsons

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It is a blow to the Administration's policy of constructive engagement, a cornerstone of which is that sanctions will retard the momentum of reform in South Africa.

After a day of intense debate, the Republican-majority committee approved a Bill introduced by its chairman, Senator Richard Lugar, but added amendments from other Bills that make the original measure much tougher.

The Lugar Bill seeks to aid South African blacks through educational and business grants and directs the President to impose sanctions if no progress has been made in eliminating apartheid within 18 months.

The amendments added yesterday are not subject to the 18-month delay. They are:

● A ban on United States bank loans to the South African Government, except for education, housing and health facilities available to all;

● A ban on all computer exports to South African security forces or agencies enforcing apartheid;

### Nuclear trade

● A ban on nuclear trade and co-operation between the United States and South Africa;

● A provision that the Sullivan code become mandatory for the estimated 300 American companies in South Africa.

The committee rejected Senator Edward Kennedy's sanctions package which included an immediate ban on Krugerrand sales in the US and an end to new American investments. It also rejected a move to end all SAA flights to the United States.

While the Foreign Relations Committee was hammering out its sanctions provisions from the many that had been proposed, the House of Representatives was debating its own sanctions measure, the Anti-Apartheid Act of 1985.

This measure, introduced by Congressman Bill Gray of Pennsylvania, is identical to the Kennedy Bill and it is certain to be approved.

The House adjourned without taking a final vote. It did, however, reject by wide margins amendments proposed by Republican congressmen that sought to soften the sanctions by making the ban on new investments subject to the approval of blacks in South Africa, and the ban on Krugerrand sales conditional to its not being in violation of the General Agreement on Tariffs and Trade.

# What American business wants

62 ~~scribble~~ E. Post 6/18/85

THE American Chamber of Commerce in South Africa (Amcham) recently presented a memorandum to Constitutional Development and Planning Minister Chris Heunis, in his capacity as chairman of the special Cabinet committee investigating the question of African rights outside the homelands, in which it emphasised that government should rest upon the consent of the governed.

"All adults, irrespective of race, should be accorded the right to representation in the legislature that has ultimate control of their lives," the memorandum said.

"While we are aware that all blacks in South Africa (broadly defined in this document to include homelands that were formerly part of South Africa) have a franchise for legislatures in the homelands, we do not believe that this alters the fact that ultimate control remains in Parliament in Cape Town and in the State President, who is vested with the control and administration of blacks' affairs."

This was "partly because almost half of the blacks in South Africa reside outside the homelands, partly because all 10 homelands are heavily dependent of Parliament to balance their budgets, and partly because some two-thirds of the homelands' collective gross national product is earned in the white-designated areas".

Amcham says it believes South Africans will ultimately devise a solution acceptable to the great majority of the country's population, and that the nature of the system (federal or unitary, protection of rights on a group or individual basis and so on) would ultimately have to be decided among South Africans of all races and political

Legislation is now being prepared in the US Congress that would impose certain economic sanctions against South Africa — with tougher measures on the cards if South Africa does not move demonstrably towards scrapping apartheid within 18 months. But what would American business like to see happen here? In a recent memorandum to the special Cabinet Committee investigating black political rights, the American Chamber of Commerce in South Africa (Amcham) spelt out its views. KIN BENTLEY reports:

parties "during appropriate negotiations".

It says it would applaud it if the Cabinet committee's process of consultation with black leaders proved to be a first step in that direction.

On local government, it says the Government should issue a statement saying that black local authorities are only a form of third-tier government "and not a substitute for black political rights".

It also warns against the proposed taxing of companies based on their number of employees, which could discourage business investment.

Instead of seeking finance on a local level to make up infrastructural backlogs in black urban areas, it says the Government should introduce direct subsidies for development and upgrading, on a similar basis to that provided to homelands.

It says it can see no "sound economic or administrative reason" for the exclusion of blacks from the proposed Regional Services Councils, which according to a Bill tabled last year would include whites, coloureds and Indians, but only allow blacks to obtain services on a contract basis, not as formal members.

It says the regional development advisory committees in the eight development planning regions (which straddle homeland boundaries) are a recognition of the "inevitability

of joint decision-making on matters of common interest".

It calls for such economic joint decision-making to "evolve into joint decision-making on regional, political and other issues".

This could be achieved through black and white negotiation and compromise and evolve into "component units of an ultimate federal political system for SA" if such a system was decided on.

Nationally, it says the above proposals for local and regional government would pave the way for the successful implementation of an "appropriate formula for black participation in Parliament".

The Government should announce that it intends granting parliamentary franchise to blacks (including homeland blacks), when a formula has been agreed upon by the leaders of all groups.

Blacks should also be given representation on the State President's Committee on National Priorities, "since it will play a major role in determining budget priorities".

Amcham says it believes "an appropriate political formula for SA can only be arrived at through an agreed process of negotiation".

For it to be effective, it says, "it must necessarily include leaders or organisations now proscribed and/or in exile". Such

organisations should be legalised and their leaders in prison or exile granted amnesty, "subject to their agreement to participate in lawful democratic procedures and to disassociate themselves from violence".

All people in detention without trial should be charged or released.

The memorandum urges the Government to embark on "an explicit programme to phase out influx control within a stated period of time.

"The weight of international evidence shows that the process of urbanisation can seldom be indefinitely arrested.

"In addition, urbanisation is a necessary prerequisite of economic growth.

Influx control resulted in costs "of policing and administration, opportunity costs to the economy and to business resulting from artificial restrictions on the free movement of labour, and the social costs in terms of damage to goodwill between the races".

The memorandum says population removals "do grievous damage to South Africa, both in terms of racial goodwill within the country and in terms of the country's image abroad.

Removals, it says, are "the one thing most likely to ensure success of the disinvestment lobby in the US, which would harm both American companies and South Africa itself. They are "frequently

accompanied by coercion, and once people have been removed, particularly into some of the more densely populated homelands, they suffer stress and deprivation, and become an additional burden on the taxpayer.

"Some of the communities removed are economically relatively prosperous, and it is tragic to see such communities destroyed."

There would be a saving through halting removals, "since the State would no longer have to provide housing for people who have been moved".

The memorandum submits that "concomitant with the phasing out of influx control, the migratory labour system should also be phased out".

It sees the denial of a worker's right to live with his or her spouse and family for very large parts of his or her working life as "not morally right" or "compatible with the sanctity of marriage and family life".

Allowing migrant workers to bring their families to live with them would involve costs, but these could be partially met by the private sector.

The memorandum also urges the Government to remove the "petty restrictions that inhibit formal and informal business development within the black townships".

"Amcham believes that in the interests of maximising job creation, restrictions on business development in CBDs and black townships should be reduced to the barest essentials."

Calls by Amcham for freehold title for blacks in South Africa and for the opening of central business districts have, since the submission was made, largely been met by the Government.

#CME Times 6/6/85 (62)

# Speech report erroneous<sup>2</sup>

THE Deputy Foreign Minister, Mr Louis Nel, yesterday denied that he had threatened to "retaliate" against US disinvestment by sending more than one million foreign black workers out of South Africa.

He said in a statement last night after viewing a TV video of a speech he made in Fort Beaufort on Tuesday night, which has created an international reaction, that news reports of the speech had been "erroneous".

Mr Nel explained that what he had said was that if the disinvestment campaign succeeded and led to greater unemployment, South Africa would have to look after its own citizens first.

This would mean that more than one million blacks of neighbouring countries, excluding Transkei, Bophutswana, Venda and Ciskei, who were working here illegally would have to be sent home.

Organizations campaigning for US disinvestment in South Africa would, if successful, be contributing to instability and suffering.

● In Johannesburg, SABC-TV news yesterday corrected a report it broadcast on Tuesday night that Mr Nel had told the meeting at Fort Beaufort South Africa would expel the million or so black workers from other Southern African states who were in this

country illegally to seek a living, if the US went ahead with disinvestment legislation.

The SABC's corrected report says:

The possibility of retaliation by South Africa, if the US goes ahead with legislation to enforce disinvestment, has been raised by the Deputy Minister of Foreign Affairs, Mr Louis Nel.

Mr Nel told a meeting at Fort Beaufort that if the disinvestment measures became law in the US, one of the options open to South Africa would be to expel the one million or so black workers from other Southern African states, who were in this country illegally.

Mr Nel said America would have to realize that if it went ahead with the disinvestment campaign South Africa would have to consider taking steps to protect itself, in a way that would make the world realize that South Africa was the regional power of Africa.

— Political Staff and Sapa

# Huge US vote to impose sanctions

CAPL Times 6/6/85 (52)

WASHINGTON. — The House of Representatives yesterday overwhelmingly voted to impose economic sanctions on South Africa as a protest against apartheid.

The bill, passed 295 to 127, would bar all United States loans to the South African Government and its agencies and ban all new US investment in South Africa. It would also prohibit imports of Krugerrand gold coins and exports of US computer equipment to South Africa.

A similar measure was approved by the Senate Foreign Relations Committee on Tuesday and the full Senate may act on it later this month.

Last year, the house passed an anti-apartheid

sanctions bill, but the Senate never acted on the measure.

Supporters said the bill would put pressure on South Africa to change its racial policies, but opponents said it would be counter-productive.

"The time for action is now," Democrat Mr Stephen Solarz said. "US policy is a failure."

But Secretary of State Mr George Shultz and Treasury Secretary Mr James Baker said the bill would hurt South African blacks and set back efforts to end apartheid.

"We cannot simply walk away from South Africa or throw our hands up in an act of moral indignation," he said.

— Sapa-Reuter

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# Pressure from US: 'SA Govt won't surrender'

From MICHAEL CHESTER  
Argus Correspondent

JOHANNESBURG. — Pressure lobbies inside the United States have been warned by Mr Harry Oppenheimer, doyen of big business in South Africa, that the South African Government will not surrender to threats of sanctions and disinvestment.

And the influential former chairman of the Anglo American Corporation has added that the Government stance will be backed by "virtually all the whites, most of the coloureds and Indians and significant numbers of the blacks".

The warning comes in the wake of moves inside the United States Senate to give South Africa an 18-month deadline to show real progress with reforms — or face sanctions.

## SLATED

In turn, Mr Oppenheimer has slated the South African Government for moving far too slowly with reforms to dismantle apartheid.

In spite of substantial progress in recent programmes "even reforms that have been agreed in principle seem to be held up interminably by a mass of red tape", he writes in a special publication entitled Disinvestment.

Neil Lurssen of the Argus Foreign Service reports from Washington that rejecting last-minute appeals by three of President Reagan's Cabinet ministers not to vote for sanctions against South Africa, the United States House of Representatives approved by 295 votes to 127 the Anti-Apartheid Act of 1985 that would impose tough new trade restrictions.

## OVERWHELMING

Joining the 239 Democrats who supported the sanctions were 56 members of the President's Republican Party.

The Bill's sponsors claimed that Republican support, together with Tuesday's overwhelming vote in the Republican-majority Senate foreign relations committee in favour of a separate group of sanctions, was clear evidence of bipartisan opposition in the Congress to the administration's policy of constructive engagement.

## DIFFICULT

This would make it extremely difficult for President Reagan to veto the sanctions when they reach his desk in August or September.

The measure approved by the House was introduced by Congressman Bill Gray of Pennsylvania, a black church leader and chairman of the house budget committee.

It has four sanctions measures:

- A ban on new bank loans to the South African Government or any of its corporations and entities.

- A ban on computer sales as well as spare parts and services to the South African Government.

- A ban on new investments by United States firms in the Republic. This would not affect re-investment by United States firms already operating there.

- A ban on the sale of Krugerrands in the United States.

62 B. Day 7/16/85

# IBM firmly committed to trade with SA

Computer giant IBM has no intention of pulling out of South Africa and does not support trade restrictions against this country, according to a statement from the corporation yesterday.

"We wish to restate that, as a matter of policy, IBM does not favour trade embargoes or other trade restrictions and will continue to make those views known," the statement said.

"Moreover, IBM recently restated its continuing interest in doing business in South Africa, at the same time respecting relevant US licensing regulations."

The statement comes after confusing

By TONY KOENDERMAN

reports from Washington carried in *Business Day* which suggested that computer companies, including IBM, were backing restrictions on computer sales to the SA government.

The facts about the disinvestment legislation currently moving through the US Congress are less alarming than some reports have indicated.

The Gray Bill, sponsored by Congressman William Gray and others including Stephen Solarz and Howard

Wolpe and passed this week by the House of Representatives, would ban the export of computer hardware and software for use by the SA government or any of its agencies.

However, a softer Bill, (the Lugar Bill), is before the Senate Foreign Relations Committee.

This calls for a ban on the supply of computer equipment only to certain government entities — the military, police, prison system, national security agencies, black administration boards and government agencies that "discriminate against non-whites."

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# Disinvestment by decibel

THE transatlantic air is now so thick with disinvestment noise that South Africans, unable to regulate the volume, can be forgiven if they simply throw their mental switches to shut it out altogether.

The mass outpouring of unctious surrounding the campaign for disinvestment — now the grab-all portmanteau word to describe a whole range of punitive economic measures — is testing the forbearance even of those who have sustained an affection for America in spite of its self-gratifying tendency towards bouts of collective morality.

With the passage through the House of Representatives this week of the first of the punitive bills, America's wearisome moral itch to "do something" about South Africa is now well on the way towards being satisfied.

Does it matter?

Regrettably, yes. When the legislators of a superpower embark on a course of boycott and ostracism against you, it is a wise country that takes careful note of its implications and its potential to spread.

Recent events have led to the growth of a whole new body of disinvestment literature, ranging from learned economic studies to propagandist tracts.

One of the most useful contributions to the literature was published this week by LEADERSHIP SA magazine and sponsored by 37 of the biggest companies in South Africa.

More than half of the 35 000 print order is this week being des-

## Sheer noise replaces sensible argument as the Americans try to shout South Africa into blind submission

BY Tertius Myburgh



atched to policymakers in the US and, no less important in European countries to which the disinvestment virus might spread.

Within its glossy pages editor-publisher Hugh Murray has assembled what is probably the definitive collection of opinions against sanctions.

The pro-disinvestment cause is represented by the ubiquitous Congressman Stephen Solarz and the excruciatingly pious Senator William Proxmire, a maker of foreign policy who apparently sees nothing odd about his extraordinary admission that the last time he left American shores was in 1957.

In the equivocators' corner

their folly in thinking they are dealing with a pushover.

"Many, maybe most of them," he writes, "in calling for a peaceful transition to black majority rule are merely emphasising a natural preference for this being brought about through the South African Government's surrendering to threats rather than being defeated in battle."

"But the South African Government is not going to surrender to such threats; and in this it will have the support of virtually all the whites, most of the coloureds and Indians, and significant numbers of blacks."

### Canny

One of Mr Oppenheimer's many telling points is to remind the boycotters that, in barring South Africa from access to foreign investment and skills, they would cause industrial growth to decline, racial conflict to sharpen, unemployment to increase and the flow of blacks to the towns, which all the apartheid laws could not stop, gradually to grow less.

Thus, he observes, the boycotters, if they were to succeed, would do more to implement apartheid policy than all the SA Government could manage by its influx control and pass laws!

The problem faced by contributors to Mr Murray's volume is that we have all been so deluged by disinvestment debate these past six months that virtually every argument has been thoroughly canvassed. However, the virtue of this venture is that it as-



ranging from racist politicians through free-marketiers and patriots to constructive engagers — produce an equally varied menu of objectives.

Strange bedfellows, thus, on both sides of the investment divide, and inevitably a few people are fooling, or using, a great many others who have been enticed into the struggle.

He notes, too, that the campaign could acquire an impetus and life of its own. People will build jobs and political careers round it and, as each new sanction is achieved, the ratchet will move to the next goal.

The list of contributors to this eminently worthwhile Leadership SA venture is impressive, the arguments canvassed encyclopaedic, as one would expect from a contents list that includes names like Oppenheimer, Tutu, Nickel, Paton, Jan Steyn, Proxmire, Schlemmer, Solarz, Bloom, Buthe, lez and Chettle, with brief, but telling, contributions by Helen Suzman, Mike Rosholt, Fred du Plessis, Harvey Tyson and Chris Ball, as well as the masterful photography of David Goldblatt.

### Last word

But let Mr Oppenheimer have the last word on why reform and sanctions are mutually contradictory. "On the South African side those who want to promote

peace and fair play should join forces with South Africans in an effort to build up our industry on a basis of racial equality, and from a basis of economic strength to press the Government to implement without delay those reforms which are essential and to which they have already in vague terms committed themselves.

"This is a much better, much more humane, more practical and more hopeful course than a retreat from the real field of action into a sterile policy of disinvestment and sanctions, which if they have any practical

effect at all, could only bring about change through violence.

"And let us not forget that, even if, which is very doubtful, it proved possible to eliminate racial discrimination by force, it would very likely, as has happened elsewhere in Africa, lead to a new sort of tyranny and the impoverishment of all South Africans, black and white."

All true, but the denizens of Capitol Hill have become so exhilarated by their high moral chase that no one seems to be listening any more. Which is sad.

## ANOTHER VIEW ON WOMEN

# Let's put our heads

THE American House of Representatives voted this week, not once but twice, to keep itself in ignorance of the opinions that South African black people might hold about sanctions.

When Congressman Dan Burton, a Republican from Indiana, suggested an American-sponsored public opinion poll to establish public opinion on the House re-

proposal by 379 votes to 40. He then suggested an internationally supervised referendum instead of a poll, and that idea was rejected by 387 votes to 30.

Such determined ignorance is not unusual. When a black Namibian bishop once went to Washington to plead for help in finding jobs for his people, then Senator Walter Mondale turned the cleric's visit into a show of support for sanctions, prompting one journalist to ask whether he proposed to starve the blacks until the whites surrendered.

## LITMUS

Of course, that is precisely what the sanctions campaign is intended to achieve.

The American politicians know it; they are not stupid. Their difficulty is that sanctions have become a moral litmus test. To doubt is to be damned. It's like saying, "Let's be fair to Hitler."

Keep that in mind while you examine the Lugar-Mathias bill adopted by 16 votes to one in the Senate Foreign Relations Committee this week. It's a marvellous piece of legislative cynicism.

The bill calls for an end to certain computer sales which are already prohibited under America's Export Administration Act.

It calls for an end to bank loans, of which there are hardly any. (A quick search of the records of this week produced two small loans, both to Medusa, and some cases where Americans had taken up small shares of loans floated in Europe by SATS and Escorm.) It would ban nuclear cooperation, of which there is none (but not, apparently, imports of South African uranium which America may yet need).

## MONEY

On the other hand, the good Senators want more help for black students, teachers, entrepreneurs and victims of apartheid (line up, fellas! They'll be dishing out \$39-million or so at the US Embassy in Pretoria soon).

The bill also blinds all American companies to the Sullivan Code, a set of labour practices which are now widely regarded in South African companies as no less than decent.

So far, the Senators are proposing to beat us to death with feathers. They want a bill that will see them through the 1986 election campaign when they'll be able to claim that they did their bit to free South Africa.

The interesting stage comes after that. The bill requires the President to decide by March 1987, (Reagan is President until January, 1989) whether South Africa has made significant progress towards abolishing the pass laws, allowing unrestricted trade union rights, ending the migrant labour system, and improving housing for black people.

These criteria are a curious mixture of ignorance and irrelevance. Many South Africans will agree, no doubt, that housing is being improved all the time, that the unions are already too free, that the recently announced modification of Section 10 rights represents progress of a kind on the Pass Laws, and that an end to the migrant labour system would bear hard on Mozambique and Lesotho.

# down and go quietly about our business

If, however, the President still finds that there has been no "significant progress", the bill requires him to recommend sanctions.

Specifically, these must include a ban on sales of Krugerrands and a ban on new commercial investment here.

Actually very little "new" investment takes place.

Most investment consists of retained profits (one major company is reputed to have brought its money into the country in 1928 and to have been taking out an equivalent sum every year since then).

And the effect of banning Krugerrands is questionable inasmuch as coins could be minted anywhere and sold, say, as "Sterlings".

The House of Representatives also this week approved a bill which does not greatly differ, except in its timing of the penalties, from the Senate version.

The two must be reconciled, and the compromise must be signed by President Reagan to become law. The President might refuse to sign, (although more than 100 House members "passed" on the vote) but the numbers may indicate that he would then be overruled by a two-thirds majority of the legislature.

## DANGER

It is worth observing that, according to the Washington-based Meldinger Asset Planning Service, almost half of the American companies listed in the Standard and Poor 500 have interests in South Africa, as do 29 of the top 50, all of the drug companies, and four out of five of the automobile and aerospace companies.

There is no serious proposal to tamper with them or their profits. The Congress is not pursuing economic warfare against us, but psychological war.

The situation is not entirely without danger. If South Africa now embarks on significant reforms, the Americans will

claim the credit, thus reinforcing the argument that we yield only to pressure.

If there is no reform, the Americans will claim we are incorrigible. Either way, further pressure will follow.

We have been through this before. The Kennedy Administration imposed an arms embargo in 1963, and the Johnson Administration imposed a ban on capital exports about four years later.

Since then, the Americans have also led international efforts to deny South Africa nuclear technology.

The arms embargo was overcome by the creation of an independent South African arms industry, and the nuclear ban by the development of an indigenous nuclear industry.

## TIGERS

Both required a careful determination of local needs, the cooperation of the private sector, a network of international agents, a variety of dummy companies and "fronts", banking arrangements to conceal the transfer of money, and a bit of smuggling on the side.

The ban on capital exports collapsed along with the dollar in the early Seventies, when the American currency was weak and the South African currency strong, and the Americans realised that the principal effect of their ban was to drive South Africa to Europe in search of capital.

So what are South Africans to do? To berate the American legislators is to insult their intelligence; to explain to them that we are in a process of reform is to irritate them; to demand that they consider the welfare or wishes of South African blacks, as Congressman Burton did, is to embarrass them.

They don't want to be persuaded, they don't even want to be informed. They just wish we were out of their sight.

The best we can do is to keep our mouths shut, go quietly about our business, and prepare our defences for the day when the paper threats turn into real tigers.

guments in one digestible package.

As so often happens when matters South African are under discussion, it is that canny and lucid political scientist from Natal, Professor Lawrence Schlemmer, who sums things up most neatly.

## Bewildering

He, too, points to an irony in the whole tiresome business some of the most acrimonious debate, at home and abroad, is not between supporters and opponents of the status quo, but between those who share a desire for change but differ on what to achieve and how to achieve it.

Thus the people quoted, vilified or hotly supported most often tend not to be South African white Cabinet Ministers, but people like Shultz, Crocker, Buthe, Paton, Thatcher, Tutu, Beyers Naude, Boesak, Salivan, Jackson and a good number of prominent liberals, radicals and reformers — all of whom share an abhorrence of apartheid.

Professor Schlemmer, with the world-weariness of someone who has obviously spent many stupefying hours addressing repetitive disinvestment arguments, notes that the campaign has no single goal and that its advocates have a bewildering mixture of motives.

Some people support it because the cause feels good, some because they feel guilty about black Americans and others because they are black Americans.

Some support the campaign because they dislike capitalism, others because they fear that instability in South Africa will injure capitalist interests, some because apartheid is a clear-cut moral issue in a confusing world, others because they dislike Africans.

## Punishment

Then there are those who think disinvestment will bring constructive reform, and others who desire a weakened government and a socialist revolution in South Africa.

Some think most blacks in South Africa want disinvestment and others believe blacks who don't want it are naive and ignorant of their real interests.

Some are brimful of humane compassion; others make a brutal calculation that, for apartheid to be destroyed, suffering must increase.

Professor Schlemmer hastens to add that opponents of disinvestment —



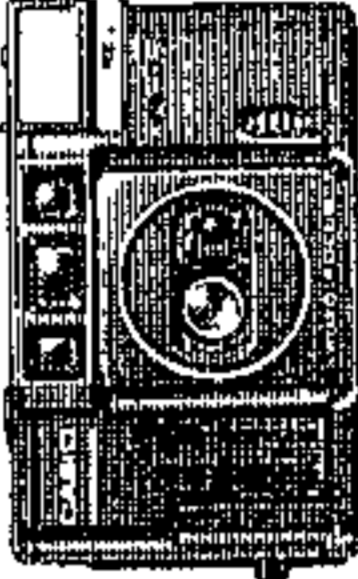
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# U S consulate 'observing code for all workers'

So Mercury 10/6/85

## Mercury Reporter

THE United States Consulate-General in Durban is observing almost all the conditions of the Sullivan Code and the minimum salary paid is more than R10 000 a year.

This was pointed out by the Consul-General, Mr Harry Geisel, who was commenting on a report that one of the recommendations of the Foreign Relations Committee of the US Senate last week was that the provisions of the code should be made binding on overseas missions of the American Government.

He said the lowest paid member of staff, the driver, earned just under R11 000 a year — 'pretty good wages, I think'.

Members of the consulate did employ domestic servants, but because the servants were not employees of the American Government their sala-

ries were not governed by the Sullivan Code.

It was possible for US employees to pay their personal employees in accordance with the code and then claim reimbursement from the American Government.

But, said Mr Geisel, this was still 'very much in the air' and it had not yet been resolved where to draw the line on how far the provisions of the code should be extended.

The consulate was observing all conditions with regard to equal and fair employment practices and provisions which dealt with equal pay for equal work.

The consulate employed six people — three whites and three blacks.

At the Cultural Centre in Durban, governed by the same rules, four South Africans were employed — one white and three non-whites.

CALC Trans 10/6/85

# US divided on sanctions impact

WASHINGTON. — The first punitive United States legislation against apartheid appears to be headed for approval by Congress, but American politicians and analysts are deeply divided about its impact on Pretoria.

The Reagan administration opposes any form of economic sanctions, insisting its policy of "constructive engagement" is the best way to coax reforms.

Yet opposition to South Africa's racial policies has grown so rapidly in the past six months that many legislators believe President Reagan will be unable to veto a sanctions bill sent by Congress.

## Diluted

The House of Representatives last week approved a bill to forbid new American investment in the Republic, US loans to its government, the export of computer equipment and the import of Kruggerands.

A diluted measure ap-

proved by the Senate foreign-relations committee was expected to reach the full Senate next month.

Groups such as the Free South Africa Movement, the organizer of nation-wide anti-apartheid protests since last November, welcome the congressional action, but would prefer total American disinvestment from the Republic.

At stake are the interests of about 350 American companies in South Africa, including General Motors, IBM, Ford and Mobil.

Together, they have direct assets of between two and three billion dollars (R4 to R6 billion), mainly in oil and computers, and represent about 20 percent of total foreign investment in South Africa.

In addition, some 6 000 American firms have dealings with South Africa and total US investment in the country, including direct and in-

direct ties and commercial bank loans, is estimated at some 14 billion dollars (R28 billion).

Some experts believe, however, that even total US disinvestment would have little economic impact, as Pretoria's West European and Japanese trading partners would step in to fill the gap.

Ms Carol Rae Hansen, of the Centre for Strategic and International Studies, said legislation imposing economic sanctions would have the same effect as the international arms embargo, which made South Africa self-sufficient.

However, Mr David Scott, a representative of the black foreign-policy group TransAfrica, which created the Free South Africa Movement, said there was no indication that American investment could be substituted that easily.

The administration argues that economic sanctions would hurt blacks in South Africa most, with the 120 000 working in US companies being the hardest hit.

## Speed pace

Legislators in favour of sanctions say the bill is intended to put pressure on Pretoria to speed the pace of political and social reforms for the black majority.

"I don't believe this particular package of sanctions is going to bring the South African economy to its knees," said Mr Gregory Craig, chief foreign-policy aide to Senator Edward Kennedy, a vocal foe of apartheid. Rather it was to signal that the US would work hard to influence the dismantling of apartheid.

Others, however, deny Pretoria is susceptible to such pressure.

"The idea that the South African Government is going to commit political suicide by dismantling apartheid is laughable," said Mr Stuart Butler, director of domestic-policy studies at the Heritage Foundation, a conservative think-tank. — Sapa-Reuter.

# Divestment: <sup>62</sup> 'No great <sup>CAH Tmt</sup> damage' to SA <sup>10/6/85</sup>

NEW YORK. — The influential New York Times, in a lengthy editorial comment yesterday, said that American disinvestment "would not greatly damage South Africa's economy".

The newspaper added, however, that the fact that sanctions might not have great economic impact did not make them worthless.

"On the contrary, they would deliver psychological and moral blows against the Afrikaners without great damage to the economy on which blacks, too, depend.

"As the Afrikaners show with their energetic lobbying against sanctions, what they dread most is ostracism from the community of Western nations."

The newspaper said: "The indicated House-Senate compromise on sanctions against the Republic would serve notice that Americans no longer accept the apologies and pieties called 'constructive engagement'. If South Africa's white rulers want to regain their standing in the culture led by Americans, they will heed this plea to demonstrate gradual but real progress."

The New York Times said "two concerns" had impeded America's "assaults on apartheid".

"One is that strong sanctions might hurt the Republic's blacks more than their oppressors. The other is the administration's view that sanctions would only harden the white regime without really hurting it.

## Corporations confused on objectives

"Yet the president's alternative of 'constructive engagement' has come up empty.

"Americans have, therefore, been struggling, incoherently, to create their own diplomacies, mostly demanding that state and city governments, universities and pension funds sell off the stocks of companies operating in South Africa.

"But this has left America's largest corporations confused about the objective. Are the companies expected to work harder against apartheid in South Africa, as some have tried, or to abandon all profit from such an abhorrent system?"

The newspaper said the threat of disinvestment "may be more potent than the fact. The 300 American companies in South Africa can perhaps advance the careers of their 70 000 black employees. But if forced to leave, American companies would be mostly replaced by investors from other countries, who are likely to be indifferent to apartheid.

"American disinvestment, in sum, would not greatly damage South Africa's economy," the newspaper concluded. — Sapa-AP

## COMPUTERS

# Effects of US legislation on SA computer industry

ONE OF the components of the anti-apartheid Bill recently passed in the United States Congress is a ban on the export of computers to South Africa. What exactly does this mean and what are the consequences for SA?

Initial reports from Washington indicated that a total ban on the sale of all computers to South Africa was incorporated in the Bill. This, in fact, is not so: Gray Bill, sponsored by Congressman William Gray and others (including Stephen Solarz and Howard Wolpe), seeks to ban the sale of computer hardware and software for use by the SA government and any of its agencies.

This could have dramatic consequences, because although US companies have long been prohibited from supplying computer hardware and software to the SADF, the SA Police and any other government agencies which are responsible for the enforcement of apartheid, other government departments and para-statal organisations rely heavily on computers sourced from the US.

Organisations such as SATS, SAA, Iscor and Escom all use American computers and software to a greater or lesser extent. However, a milder Bill — the Lugar Bill — is presently before the Senate Foreign Relations Committee. This Bill calls for a ban on the supply of computer equipment only to those parts of the government which have already been denied the use of US equipment by previous legislation during President Carter's term of office.

The fact that the Gray anti-apartheid Bill has already been passed by the House of Representatives does not mean that it will be automatically endorsed by the Senate and signed into law by President Reagan.

If the Lugar Bill is signed into law it will make very little difference to

PETER VERNON

the leading US computer companies operating in SA — such as IBM, Burroughs and Sperry. They do not supply computers to the military, police or government agencies responsible for maintaining apartheid.

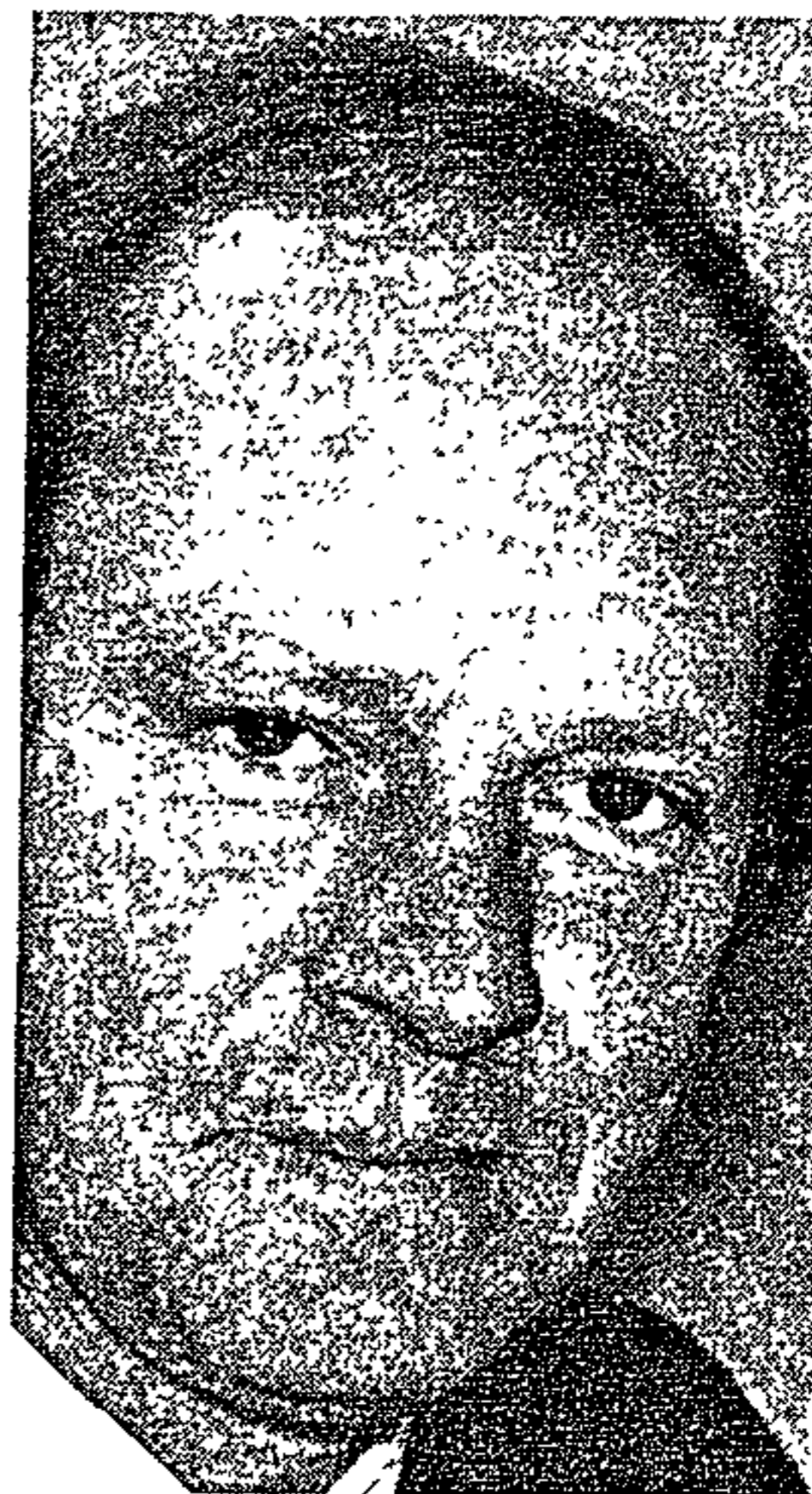
If the stricter Gray Bill does become law, then there will be some contraction of the market for US suppliers, but computers will still be supplied to companies in the private sector. The vacuum caused by a ban on the supply of computers to all government departments and para-statal organisations will doubtless be filled by computers from Britain, Europe and Japan — a fact which will not have gone unnoticed by lobbyists representing US computer interests in Washington.

The Japanese invasion is taken very seriously in the US and American computer companies are unlikely to readily welcome the loss of an export market to the Japanese.

While restrictions on the import of computers from the US provide some incentives for local manufacture, massive investments would be required to set up production facilities and research, development and engineering laboratories to locally manufacture mainframes. This would make a complete import replacement programme impractical.

SA does have the technical capability to produce microcomputers and intermediate-size minicomputers and certain peripherals, such as terminals and some printers.

Tariff protection would probably be necessary to make such activities viable, and tariff protection almost inevitably leads to higher prices, which are eventually passed on to the consumer. Furthermore, protection tends to inhibit adoption of the latest technology — a critical factor in the fast-moving computer industry.



● MIAS VAN VUUREN . . . "any legislation which withholds technology is bound to put us in a less competitive position"

Even if tariff protection were to be granted, the size of the local market would mean that the capital and technological resources required would be punitive unless export markets could be found.

Other problems face US companies doing business in SA. The strength of the US dollar and the recent import tax imposed by the Minister of Finance means that profits are being squeezed to buffer the effect of higher prices. Furthermore, some customers are deferring decisions on new systems because of higher prices and the poor economic climate.

There is also pressure on holders for US dollars in SA. And cities have been requiring the withdrawal of funds invested in companies in SA; certain companies have also taken steps to reduce their exposure.

US computer companies in SA are generally positive towards the future: they point to the need for more positive action here. They state that they intend to stay in SA by American legislation.

IBM's president and SA executive officer John Mias van Vuuren stated that: "We believe the most important thing is to bring about a change in the national development strategy. We underline the fact that we will stay in SA, IBM has announced a five-year plan to improve the economic development of SA. The initial cost of R200 million from the company."

Mike Blumenthal, SA executive officer of Burroughs, the US, is on record as being opposed to disengagement. Mias van Vuuren, executive officer of Burroughs, pointed out that the legislation which withholds technology is bound to put us in a less competitive position.

Perhaps the most serious problem SA is in the need for computers to maintain our economy. Since trade embargoes are so effective, the stricter embargoes to the latest high technology slowly drift back to the benefit no one in SA or white.



# Effects of US legislation A computer industry

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Other problems face US companies doing business in SA. The strength of the US dollar and the recent import tax imposed by the Minister of Finance means that profits are being squeezed to buffer the effect of higher prices. Furthermore, some customers are deferring decisions on new systems because of higher prices and the poor economic climate.

There is also pressure from stockholders for US companies to withdraw from SA. A number of US states and cities have passed legislation requiring the withdrawal of their funds invested in companies doing business in SA; certain educational institutions have also taken similar steps.

US computer companies who do business in SA are united in their attitude towards disinvestment pressures: they point out that they can do more for positive change if they are actually here than if they are forced out; they state unequivocally that they intend to stay unless forced out by American legislation.

IBM's president and chief executive officer John Akers recently stated that: "We believe one of the most important things we can do to promote change is to advance the educational development of the blacks." To underline the fact that it intends to stay in SA, IBM has recently announced a five-year programme to improve the educational and economic development of blacks. This will initially cost R20m and will be funded from the company's SA earnings.

Mike Blumenthal, chief executive officer of Burroughs Corporation in the US, is on record as being totally opposed to disinvestment or disengagement. Mias van Vuuren, chief executive of Burroughs in SA, has pointed out that "any legislation which withholds technology from us is bound to put us in a less cost-effective and competitive position".

Perhaps the most serious threat to SA is in the medium to long term: we need computers to improve and maintain our economic prosperity. Since trade embargoes are never totally effective, they tend to beget yet stricter embargoes. If we lose access to the latest high technology, we will slowly drift backwards. This will benefit no one in this country, black or white.

# Many SA companies have their own version of Sullivan code of US

APC-Times

13/6/88

62

MAJOR South African companies have similar codes for fair employment as the Sullivan signatories and differences which exist between them are rapidly diminishing.

Industrial relations experts stated this in response to news that Video Vision Enterprises — distributors of motion pictures — was becoming the first South African-owned company to sign the Sullivan code. The US-based Sullivan code aims at eliminating apartheid in the workplace.

**Companies**  
Pastor Leon Sullivan, whose guidelines have helped shape Washington's South African policy for eight years, said recently that the US

should impose a total economic embargo on the country in 1987 if apartheid was still in force.

Professor Blackie Swart, head of industrial relations at the University of Stellenbosch, said some major local companies had subscribed to the Urban Foundation and Saccola (SA Coordinating Council on Labour Affairs) codes of intent at the same time as the Sullivan code was published in 1977.

**Implementing**  
Many had adopted their own codes from these, but these practices weren't monitored and publicized like those of Sullivan signatories. Thus some major South African com-



panies were sometimes a bit behind in implementing them. A few smaller companies didn't even know the employer federations they belonged to were committed to these codes.

**Legislation**  
Mr Fred Ferreira, executive director of

Samcor and president of the nine task groups co-ordinating the Sullivan code, said there were few differences left between Sullivan signatories and major South African companies.

He attributed this change to greater legislation applied to employment practices

and greater enlightenment with regard to fair employment.

**Consulting**  
But he said a South African-owned signatory to the Sullivan code would not be answerable to anybody. Only American signatories submitted an annual audit to a con-

**Seductive**  
Martha Greenwood (Ingrid Boultong) embraces detective Sam Black (Brent Huff) in the film 'Deadly Passion' which was distributed by a signatory of the Sullivan code, Video Vision Enterprises.

sulting organization in the United States which was briefed by Sullivan. "I believe the code has had an impact on South African companies, also changing the perception of employers about the kind of relations they should maintain with employees."

(62) B. Day  
13/6/85

# US computer giant IBM looking for new SA HQ

IBM is looking at its property options in South Africa which is likely to involve buying a site in the Johannesburg-Pretoria area for a new head office.

MD Jack Clarke confirmed yesterday that the US computer giant has appointed a senior executive "to investigate and put together a real estate strategy for the company in South Africa".

The executive, Robin Jarman, has already held discussions with interested parties.

Clark said IBM's offices were currently scattered in six buildings throughout Johannesburg. "We definitely need more space but have not decided what we want to do or where we will go."

"The investigation is still in its early stages and I cannot say whether we will move from our present headquarters in

Business Day Reporter

124 Main Street," said Clarke. He declined to disclose the sum involved in the new property strategy.

A spokesman for the company said: "IBM is evaluating sites with the view of erecting a new head office to cater for further expansion."

IBM announced earlier this month that it had no intention of pulling out of South Africa or supporting trade sanctions.

A statement issued by the company said: "We wish to restate that, as a matter of policy, IBM does not favour trade embargoes or other trade sanctions and will continue to make these views known."

## Another move against SA trade

LOS ANGELES — After an emotional, five-day fight, a State of California committee has voted to restrict new pension fund investments in corporations that do business with South Africa. (62)

The anti-apartheid action, which formed part of a proposed state budget package, will be voted on by the California State Senate and Assembly later this week.

*Sowden 11/16/85*  
The new state budget will instruct pension fund administrators that by January 1 they should adopt plans to "end all new investments in institutions which make new investments or new loans to the Republic of South Africa".

(62) B. Day 14/6/85  
**Disinvestment will end US grip on SA'**

**IF** the United States disinvested from South Africa, it would lose the only leverage it has to influence reform in this country, KwaZulu Chief Minister Gatsha Buthelezi said in Johannesburg yesterday.

Speaking soon after his arrival from a trip to London and New York, Buthelezi said he had warned American businessmen that should disinvestment become a

By **PETER WALLINGTON**

reality it would be the end of their influence.

Buthelezi addressed a "Business International Conference" in London and New York on black demands and the challenge to international companies. He also addressed a combined sitting of the California legislature and the Coun-

cil of Regents at the University of California (Ucla).

Ucla had \$2,4bn invested with companies which do business with South Africa.

Buthelezi stressed that South Africa's neighbours would be badly hurt by disinvestment. "Many had not really looked at this, and I don't think this dimension has been stressed enough," he said.

# Buthelezi: Pull-out 'irrational'

Own Correspondent

JOHANNESBURG. — The disinvestment debate in the United States had gone beyond the bounds of rationality, Chief Gatsha Buthelezi, the president of Inkatha and Chief Minister of KwaZulu, said at Jan Smuts Airport on his return from the US last night.

Chief Buthelezi, who was in the US and Britain to publicise his views on disinvestment, said there was no way of reasoning with the disinvestment lobby anymore.

"If you try to reason, they try to denigrate you as a lackey of the government," he said. "I find that strange for the American people who are known for their tradition of democracy."

He addressed international business conferences in New York and London, as well as a joint sitting of the Californian legislature.

He said he was grateful to disinvestment lobby for criticizing apartheid, which he described as the "scourge of the earth".

"But I warned them that if they overplay

their hand, and set unrealistic demands, they would ruin everything."

Chief Buthelezi said a deadline of two years for the scrapping of apartheid was "not realistic" though he himself would like it to be wiped away today or tomorrow.

He said not only was the timetable being set by the disinvestment lobby unrealistic, but that by removing their investments from South Africa the US would be removing the only leverage it had to influence the situation in SA.

"I dared them to go to Soweto and to advocate disinvestment in front of tens of thousands of black people who are opposed to it.

"Nor have they looked carefully at the effects of disinvestment in the independent states bordering South Africa."

● UPI reports from Providence, Rhode Island, that a plan to phase out state pension fund investments in companies that do business in South Africa as a protest against apartheid passed Rhode Island's House of Representatives on Wednesday.

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Disinvestment will not harm S A  
economy, says U S analyst (62)

Mercury Correspondent  
**PROFESSOR** Thomas Hazlett, 32, a leading American economic analyst, said at the weekend that he did not believe planned disinvestment in South Africa — 'a hot topic in the U S right now' — would harm the South African economy.

At a Cape Town Press Club lunch he said: 'The reason for this is that the international capital market is a very efficient, competitive place.

'It's a very fast game —

and if firms in the U S are persuaded to disinvest in this country, you can take it there will be plenty of businessmen in other parts of the world who will see this as their chance of becoming instant millionaires.

'Right now there will be lots of companies waiting to fill the gaps left by the disinvestors and to make a quick profit — and deal with their consciences later.

'Take it from me, there will be plenty of specula-

tors out there, only too willing to move in.'

● Professor Hazlett, a specialist in anti-trust (anti-monopoly) laws and economics and at present on the academic staff of the University of California, is in South Africa as a guest of the Free Market Foundation of Southern Africa. His topic was the operation of the anti-trust laws in his country. His only reference to disinvestment was in a brief answer to a question from the floor.

# U.S. varsities vote against divesting

NEW YORK—In a major victory for the anti-disinvestment lobby in the United States, principals of leading universities have met and rejected pressure for the total divestiture of their stocks in companies that do business in South Africa.

'We have an honest and strongly held position that the corporate presence in South Africa is one of the positive forces for change,' Dr David McLaughlin, president of Dartmouth College, said after the meeting in New York State.

'As long as we can assure that corporate policies there are constructive, our trustees feel it would be counter-productive to divest.'

The principals, who met in response to mounting campus pressure demanding divestiture, were those of the so-called 'Ivy League' colleges, which include most of the nation's biggest and most influential universities.

The colleges have billions of rands worth of investments in companies doing business in South Africa.

The disinvestment lob-

by, led by the Washington lobbyist Mr Randall Robinson, is expected to be enraged by the decision.

The colleges' decision was made in spite of a personal appeal to the principals by the Rev Jesse Jackson.

Most analysts believe the universities' decision is significant because of the extent of their endowments and their prestige in the U.S. intellectual life.

Their endowments — the amount of money universities have for investing — range from R4.6 billion at Harvard, the biggest of any U.S. university, to R400 million at Brown, the smallest in the Ivy League.

While only some of the money is invested in companies doing business with South Africa, the amount is in some instances a significant proportion. — (Sapa)



Avoiding the 'velvet ghetto'

# Businessmen set course for black advancement

By CLAIRE PICKARD-CAMBRIDGE

LEADING businessmen agreed at a Black Management Forum (BMF) conference in Johannesburg on Friday that business could play a far greater role in promoting black advancement and fair codes of employment in South Africa.

It was emphasised from the outset that the recognition and proper development of black managerial talent was essential because "token" appointments — aimed at buying black acceptance — left victims in a "velvet ghetto".

Colin Hall, management consultant from People Plus, called for the standardising of existing codes into one local code of employment practice.

"We need to rewrite the code so that it is much more than a minimum standard of performance with emphasis on 'fair'. The code must become a manual of 'good' employment practice and you can expect commitment to that if it helps a capitalist solve productivity problems relating to management succession and shortage of skills."

The term would have to be relevant to SA where black and white applicants automatically started on a different footing.

He said existing codes had played a role in drawing attention to shocking conditions, raising unacceptably low wage levels and removing discriminatory practices.

"But the real danger is that even firms who comply with the toughest codes tend to sit back and hide behind minimum achievements," he said.

He warned, however, that a single code was not going to solve SA's problems either, because not all companies would adhere to it.

Human resources had been badly and unfairly managed, and discrimi-

nation had to be fought.

Conversely, Reid Weedon, senior vice-president of consulting company Arthur D Little — which monitors adherence of signatories to the Sullivan Code — argued that their code of fair employment practice had made significant achievements in SA.

Signatories collectively employ less than 1% of the black labour force, but in 1983 their black employees held 15% of the total 99-year leases due to company sponsored programmes on home ownership and housing loans.

Achievements also included obtaining 100% desegregation in the workplace and full compliance in recognising representative unions among the 100 US parent companies which had reported last year.

All the companies now have equal pay for equal work and all but three and a few rural signatory companies meet the code's minimum wage requirements of 30% above the Minimum Living Level.

Johan Van Zyl, chief executive of the Federated Chamber of Industries (FCI), outlined urgent steps the business community could take to advance black workers. These included:

□ The use of good screening techniques to select candidates for advancement and identify areas where training would develop potential.

□ A corporate strategy to involve such blacks in horizon-stretching programmes to persuade them they could aspire to higher.

□ Attending closely to company attitudes towards black advancement which was inhibited because the informal support and encouragement provided within corporations was not

necessarily extended towards blacks.

□ The sponsoring of institutions which seek to close the gap between the formal education structure and skills needed to develop black managerial capacities.

□ The setting up of a forum in each company by top SA management to consider job advancement, with the relevant trade union playing a pivotal role in discussions.

He stressed that black advancement was "central to businesses' own self-interest" because SA was in the middle of a skilled labour and management crises. But though black advancement provided business benefits, there were also associated costs.

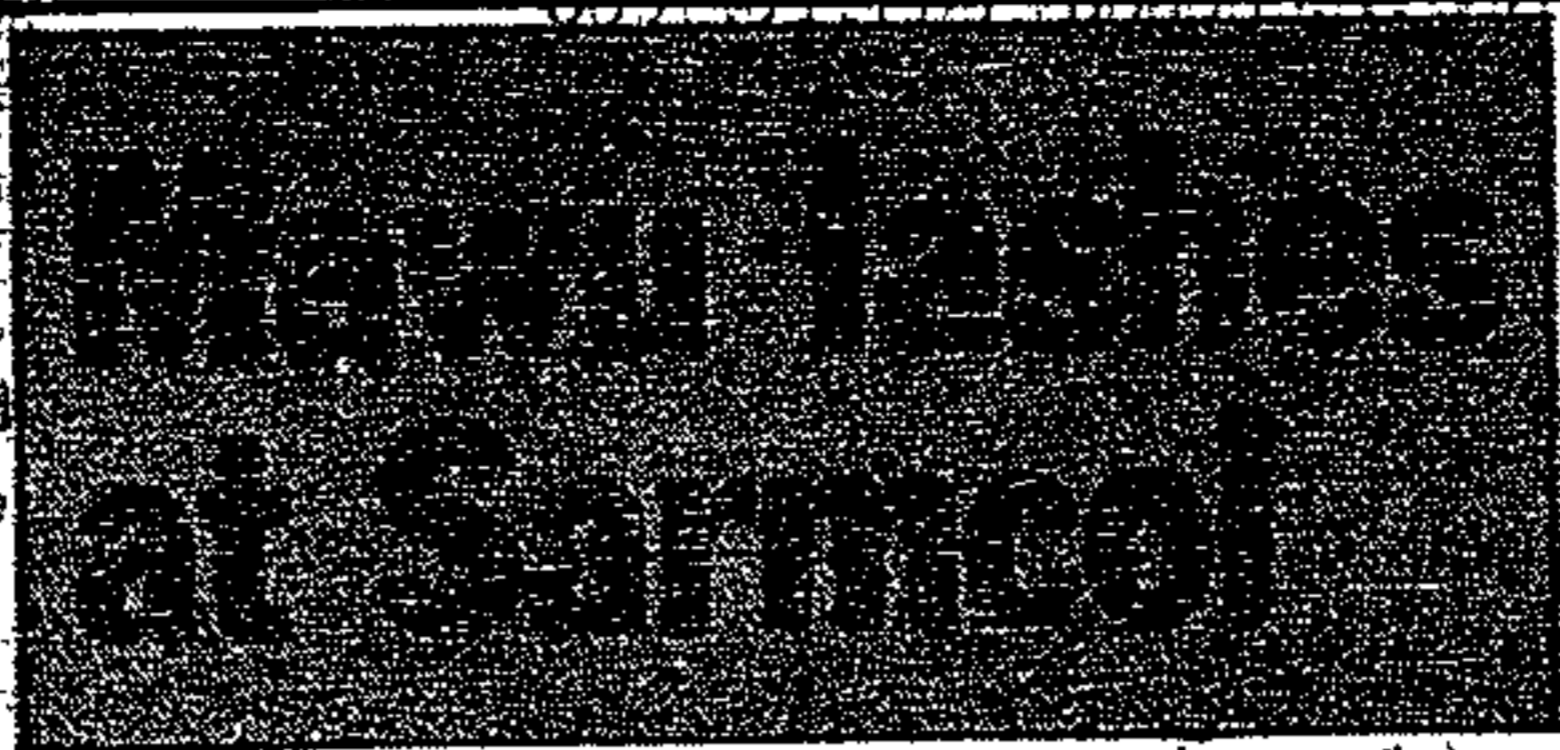
There thus had to be sufficient productivity improvement in the longer term to justify the additional short-term cost in advancing black workers, he said.

Chris Ball, managing director of Barclays Bank SA, said that in comparison to other countries, SA experienced an intense focus on the role of its private sector in the community.

While he did not underestimate the role of this sector in pushing for government reforms, he believed business leaders could only pioneer change by putting together a strategy to develop understanding and communication in different business environments.

"This will require the input and thought of black people who are so often regarded as the object of ready-made schemes instead of the co-initiators," he said.

Discussion revealed that though the political system was partly responsible for thwarting black advancement, the attitude of white middle management — the key level where new recruits were evaluated — was one of the biggest obstacles to change.



THE FOSATU affiliate, Metal and Allied Workers' Union, has accused the British subsidiary, BTR Sarmcol, of co-operating with the police to end the dispute between the union and the company.

The union claims that police harassment and intimidation of its members has been on the increase as seen by their unprovoked confrontation with the workers in Impopomeni at the weekend.

The dispute between the parties revolves around the dismissal two months ago of about 975 workers after they had gone on a legal strike, although management contends the strike was illegal.

In a statement the union alleges that their members have been prevented from picketing outside BTR's head office in Randburg.

"BTR is gradually beginning to be exposed for what it really is, and what it really does to the people," the statement said.

### Demands

Union leaders have called on the company to meet the workers' demands or leave South Africa.

A BTR spokesman has denied that the company was collaborating with the police by acting against the workers and the union.

"The police are only trying to maintain civil order, but we are certainly not in alliance with them. All we are doing is running the company," the spokesman said.

Police said they took action at Impopomeni on Sunday against a crowd which stoned them after an order to disperse. They have denied taking action against the workers who planned to picket BTR's Randburg offices.

Meanwhile, major trade union federations and emerging trade unions — the Federation of Trade Unions of SA (Fosatu) and the Council of Unions of South Africa (Cusa) — have spoken strongly against foreign companies with investments in South Africa.



Mr Lou Wilking (right), outgoing managing director of General Motors South Africa, hands to the chairman of the Urban Foundation, Mr Justice Jan Steyn (centre), a R1,6m cheque for non-white housing. On the left is Mr Robert "Bob" White, who will assume MD responsibilities at GMSA in Port Elizabeth on Monday.

*Cape Times 28/6/85*

## GM's R4m loan for living improvement

By BRIAN GROBBLER

LOW-INTEREST loans of almost R4 million to improve living conditions of non-whites in South Africa were announced by Mr Lou Wilking, outgoing managing director of General Motors South Africa, in Cape Town yesterday.

Of the present R4m low-interest loans, R2,3m has been earmarked for South African educational institutions and charity organizations between now and 1988, and R1,6m for non-white housing development in the Port Elizabeth area.

The loan, the biggest ever to the Urban Foundation by a single company, came mostly from the GM Foundation in the United States, Mr Wilking said.

Mr Justice Jan Steyn, chairman of the Urban Foundation, a South African organization devoted to the economic and social advancement

of non-whites, accepted a cheque from Mr Wilking for R1,6 to be used on housing by the Foundation. It will permit the construction of 272 new homes and the improvement of 44 existing ones.

Mr Justice Steyn described the loans as a "courageous investment" in South Africa.

GMSA is "committed" to helping the non-white people of South Africa, Mr Wilking said, and has already provided more than R10m over the years. In 1980 GMSA spent R9m to upgrade facilities for all workers at its Port Elizabeth plant and for additional training facilities to prepare greater numbers of blacks and other non-whites for supervisory and management positions.

The funding by GMSA will carry forward and substantially augment existing programmes designed to enhance the upward mobility of

blacks and other non-whites by providing greater educational opportunities as well as a better way of life outside the work environment.

The R2,3m contribution to educational institutions and charity organizations will provide university scholarships, overseas study and skills development, commercial college training, training of doctors, dentists, veterinary scientists and teachers, improved library facilities, small business development, legal advice and counsel, relief of hunger and malnutrition and maintenance of recreational facilities.

Mr Wilking said the R4m reinforced GMSA's long-standing commitment to maintaining its leadership role in the advancement of blacks and other non-whites and would contribute to positive and peaceful change in South African social conditions.

# GM chief to fight <sup>12.</sup> disinvestment lobby

*CMT Treats 28/6/85*

By AUDREY D'ANGELO  
GENERAL MOTORS (GM) has recalled its managing director in South Africa for the past eight years, Mr Lou Wilking, to America where he will argue the case against disinvestment.

The new managing director, Mr Bob White, is the company's former director of personnel who believes that human relations are a vitally important factor in running a business successfully, and who plans to build up a strong esprit de corps among the work force in Port Elizabeth.

These facts emerged at a press conference at the Cape Sun last night at which both men stressed that a sum of nearly R4m handed over to the Urban Foundation, some as a loan and some as a donation, was an expression of confidence in the company's future in South Africa.

On his return to America, Mr Wilking ex-



Mr Bob White, GM's new managing director in South Africa.

in South Africa.

"I have pointed out that we employ 4 000 people in Port Elizabeth and some of them have been with us for 25 years and asked, 'what do you say to a man who has been with you for 25 years when you have to tell him there is no job any more?'"

He said GM had always made it clear that it considered the most positive way to bring change to this country was to work from within.

Mr White said in an interview that his first action on returning to Port Elizabeth would be to, "sit down and get acquainted with the union people in the plant".

He would reassure them that there was no question of closing it down or moving elsewhere.

He considers good human relations the most vital factor in the success of a business.

pects to act as "the front person for GM in matters affecting South Africa".

People advocating disinvestment were well meaning but they had not considered its effect on the black population

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# Sullivan could be SA's leading ally

THE personality behind multinational social involvement in South Africa and a man who has been much maligned over the years by white South Africans, could just turn out to be this country's leading ally in the battle against disinvestment.

The "corporate conscience" of the Rev Leon Sullivan — Zion Baptist Church pastor and a director of General Motors, who in 1977 drew up a code of principles to which US companies could voluntarily adhere — has seen signatories of the code becoming increasingly involved in the upliftment of company workers.

A similar set of principles — the European Economic Community's code of conduct — are voluntarily subscribed to by most European-based companies involved in South Africa.

Both codes seek to undercut the outright disinvestment lobby by showing more can be achieved by using the leverage of continued investment than by

withdrawal and boycotts — a sort of economic constructive engagement.

In the light of Dr Sullivan's recent revision of his code to step up direct corporate pressure for SA Government reforms in areas such as trade unionisation, black mobility and influx control, the EEC is also looking at its code with a view to increasing its effectiveness.

This has occurred at a time when multinationals have stepped up their social programmes in South Africa, but, due to their lack of political involvement, these social programmes threaten to be obscured as the disinvestment spotlight falls more directly on basic political factors in SA.

Indicating a desire to put greater political pressure on the Government, this year, the outgoing managing director of General Motors South African, Mr Lou Wilking (to be replaced on July 1 by Mr Bob White) raised publicly the need for urgent political reform in

South Africa, to assist the anti-disinvestment campaign.

Dr Sullivan is walking an increasingly tricky path, with Mr Dumisane Kumalo, the projects director of the American committee on Africa and co-ordinator of disinvestment Bills in many American states and cities, in May, 1983, saying the code was a "corporate ploy" and irrelevant.

In January, 1982, the Motor Assemblers' and Component Workers' Union of South Africa, in a letter to Ford, condemned the code for "failing to demand black political rights and the abolition of the pass laws".

The six principles of the Sullivan code are:

Non-segregation of the races; equal and fair employment practices for all employees; equal pay for equal work; initiation of and development of training programmes for blacks; increasing the number of blacks in supervisory and management positions and improving the quality of employees' lives outside the

work environment.

It is with the dilemma of the political role of business that Dr Sullivan is now involved, and he is not restricting his attention to the multinational companies.

In March this year, he organised a conference of leading South African, British and US business executives to consider his latest proposals, which call on signatories to play a direct political role in promoting reform, to undercut the disinvestment lobby.

(About 80% of US companies in SA are signatories of the code.)

Under the chairmanship of former British Tory Prime Minister Mr Edward Heath, the meeting included the director of the Urban Foundation, Mr Jan Steyn; the executive chairman of the Premier Group, Mr Tony Bloom; the executive chairman of Anglo Vaal, Mr Basil Hersov, and the executive director of Barlow Rand, Mr T R Hofmeyr.

The importance was stressed by the South African present of keeping Dr

Sullivan on the side of South African business, because he was less radical than Senator Edward Kennedy and other influential figures.

The South African businessmen agreed they had to see apartheid dismantled so there would no longer be grounds for a disinvestment lobby.

The South Africans, however, warned against forcing change by open confrontation, saying it would be counter-productive.

Capitalism, Dr Sullivan believes, has to show another side. "The enemy of capitalism is not communism, but selfish capitalism," he said in a reappraisal of his code published in May in support of proposed Bills in Congress to ban new American investment in the Republic.

He also said full economic sanctions — a total withdrawal of US business — should be imposed on SA unless apartheid was "legally and actually" ended within 24 months.

Option T	Option H	Current Hours: 44	Hourly Change 1975 to date: Nominal +160.3%	Real -20.2%	Current Real Weekly Wage: R 37.99
25.52	28.16	30.80	33.00	35.64	39.16
42.68	46.20	53.24	60.28	66.44	
47.52	47.73	47.31	45.45	44.00	41.84
					40.15
					37.99
					37.18
					39.24
					39.52

62 29/6/85

62

## Post Focus

FOREIGN-BASED companies in South Africa are facing continued pressure from the disinvestment lobby while battling with the country's worst recession since the 1930s.

The Eastern Cape depends largely on the motor industry which, on the whole, has played an important role with regard to social programmes for employees.

A brief record of some of these programmes is:

● This week General Motors South Africa announced that for this year and up to the end of 1988, a grant of R2,3 million had been earmarked for educational institutions and charitable organisations and that R1,6 million in low-interest loans would be made available to the Urban Foundation for "non-white" housing development in the PE area.

The nearly R2,3 million, a GMSA statement said, would be spent on a variety of things including university scholarships, overseas study and leadership skills development, commercial college training, training of medical doctors, dentists and veterinary scientists, educational guidance, career counseling and work-placement assistance, training of aspiring teachers and teacher upgrading, improved library facilities and training of more librarians, small business development legal advice and counsel, relief of hunger and malnutrition, and maintenance of recreational facilities.

"In 1980 GMSA completed a R9-million project, which upgraded and fully integrated dining facilities, comfort and locker rooms, and provided additional training facilities to prepare greater numbers of 'non-whites' for supervisory and management positions".

The statement said GMSA was one of the first 12 US companies to adopt the Sullivan principles in 1977. Between 1977 and 1984, its contributions to South African educational and charitable organisations amounted to nearly R4 million.

# Car industry E Cape social programmes impressive

● Ford's housing project, KwaFord, at New Brighton, was started in the post-war depression years, flourished in 1974 and today the 380 units there house about 1 500 people.

In 1982 Ford, with the Urban Foundation, established 16 Spaceframe houses in Zwide for employees.

In 1984 R100 000 was granted by Ford to start "self-help" projects in association with the Urban Foundation, which will provide 64 further much-

needed homes in Zwide. This project is underway.

been built in the black township of Kwanobuhle, Rosedale and Scheepershoogte, and negotiations are underway for the development of further sites."

He said the total cost of this housing initiative currently stood at R3,4 million.

"Volkswagen has also been actively involved in the field of education, which involves, inter alia, co-sponsorship of the VW/Goodyear technical centre, part-sponsorship of a black pre-pri-

### Reports on the disinvestment issue by KIN BENTLEY

mary school, bursaries and scholarships, careers guidance programmes for black high school pupils, an extra lessons programme for black matriculants, and donations of video equipment and video teaching."

He said mini-computers had gone to local black high schools and school books to children of black employees.

On the training front, he said, VW had spent just on R18 million over the past three years.

"The VW apprentice training facility is by far the biggest in the SA motor manufacturing industry, and with approximately 300 apprentices, VW is currently training approximately 36% of all appren-

die-and-press toolmakers.

He said that while they did not actively publicise these programmes overseas, the parent company in West Germany was kept informed on an ongoing basis.

"The EEC code of conduct provided the initial guidelines for our manpower policies and practices, but we have subsequently moved to a point where we are well in advance of these requirements," Mr Hardy said.

● Mrs Annelise van der Laan and Mrs Delene MacFarlane, spokesmen for Mercedes-Benz of South Africa, said the firm had embarked on several projects over the past few years:

had, at its manufacturing division in East London, established a training centre at a cost of more than R1,3 million in buildings and equipment. A further investment of R700 000 was planned for further extensions to this facility.

"Since the establishment of the centre in 1981, more than 1 000 people of all races have been trained or are currently being trained in apprenticeship trades, skilled and semi-skilled trades, and for supervisory levels.

"These people receive all tuition totally free of charge. The number of people trained exceeds the requirement of this company and as a result are trained for employment with whatever employer they may choose and are totally free of any obligation to this company on completion of their training."

MBSA supported, by way of financial contribution or in kind, various other institutions, they said.

These included the Waltloo in-service-training centre near Pretoria and expenditure, to date, in excess of R250 000 on a teacher in-service training centre in Soweto (Johannesburg) and in excess of R60 000 in on-going support to various universities.

"The furthering of education is being offered by this company to its employees by means of interest-free loans for financing of any courses undertaken at a technikon, college, university, or other recognised institution."

Financial support for the acquisition of homes was granted, in particular, to black staff who were making use of the scheme to an ever-increasing degree.

"To date, the sum total of loans granted repayable at an interest rate of 5% amounts to over R500 000."

"The company conducts ongoing investigation into further possible fields where financial assistance can be given for the upliftment of "non-white" persons over and above employees and their families.

They said the company

# Lou Wilking has mixed feelings as he says farewell

(62) E. Post 29/6/85

Mr LOU WILKING, due to be replaced on July 1 as managing director of General Motors, bid Port Elizabeth farewell this week.

After steering GM through mixed fortunes for the past eight years, Mr Wilking is due to hand over the helm to Mr Bob White, of GM's Detroit head office, with whom he will trade places.

"My new position will be executive assistant to the Group vice-president responsible for overseas operations," Mr Wilking told newsmen at a Press conference.

"And it is with mixed feelings that I will be returning to the States, since I have lived in Port Elizabeth for a longer period — outside of my home town, Cincinnati — than anywhere else in the world."

During his recent visit to Detroit Mr Wilking had a foretaste of responsibilities to come, when he was asked to deputise for his new boss, Mr Jim Waters, at a meeting with the World Council of Churches on the question of GM's South African investments.

Reiterating GM's commitment to remaining in South Africa, Mr Wilking said fielding the disinvestment lobby in the

United States would be among his major responsibilities.

"General Motors has made its contributions to the local community over my period of office to the extent of some \$10 million, and we have no intention of abandoning this commitment."

Mr Wilking revealed that he had a tape-recording of discussions with Nobel Peace Prize-winner Bishop Desmond Tutu which indicated clearly that "the bishop himself does not support disinvestment by US companies in South Africa".

"If you listen carefully to what the bishop is saying you will appreciate that he has never lobbied in favour of disinvestment."

Mr Wilking said he was handing over to a successor at a difficult time.

"We've been down and now there's only way to go and that's up — the only questions are when, how fast, and how far."

Mr Wilking said the recent relaxation in interest rates augured well for the industry and pointed out that on the basis of an average mortgage bond of some R40 000, each 1% downward adjustment in the bond rate put about R40 back into household-

ers' pockets.

Furthermore, repayments on motor cars would drop around R9 for each 1% decline in rates.

"GM has the correct product line-up to exploit the easier market conditions, "and we look forward with great anticipation to regaining the prominent market position we enjoyed in the '60s," said Mr Wilking.

On a personal level Mr Wilking said he greeted his new appointment with mixed feelings.

"However I do not believe I will be losing contact, in view of the nature of the job that awaits me," he said.

Also present at the Press conference was Mr Wilking's successor, Mr Bob White, who said in view of the particularly severe competition on the South African market "more affiliations, joint ventures, and joint production — not necessarily mergers" were likely in the future.

"The costs of producing a new model are becoming horrendous, so people will be looking increasingly at sharing these burdens," said Mr White.

"But if there's going to be change GM would like to be dictating, that change, rather than playing catch-up."

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South African Theatre and Cinema Employees' Union  
South African Typographical Union  
South African Woodworkers' Union  
Steel, Engineering and Allied Workers' Union of  
Steel, Engineering and Allied Workers' Union of  
South Africa  
Sweet, Food and Allied Workers' Union  
Transport and Allied Workers' Union  
Textile and Allied Workers' Union  
Transport and General Workers' Union  
Tramway and Omnibus Workers' Union  
Trade Union of South Africa

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SUNDAY TIMES, Business Times, June 30, 1985

By Brendan Ryan  
**COAL-MINING** equipment supplier Joy Manufacturing will spend R16-million this year on its South African manufacturing facilities.

This will bring the US-controlled company's investment in South Africa to R26-million since it decided three years ago to accelerate its local content programme.

Managing director Ian Heron intends to reduce Joy's import bill by about 33% by the end of this year through increased manufacture of gears, chains and electronics.

### Automation

About R10-million will be spent on sophisticated machine-tool installations aimed at increased automation of Joy's production facilities.

Another R5-million will be spent on the company's Waverille service centre where coal-mining equipment is rebuilt to as-new specifications.

A total of R1-million will go to the Steeldale manufacturing plant to upgrade

# US-owned Joy to spend R16m on SA plant

Joy recently set up Joy Process Equipment which will supply a wide range of equipment to the gold-mining industry.

The group has also developed a tailings backfill support system which is being used by two gold mines.

Mr Heron says: "We put a great deal of effort into the development of a five-year strategic plan which is based on a number of assumptions which we monitor and re-evaluate constantly."

### Here to stay

Joy is against disinvestment and the parent company is lobbying heavily on this point.

"Increasing black education and economic growth were what killed institutionalised racism in the US and we believe the same will happen in South Africa."

"It does not make political sense to oppose the economic development of South Africa."

"It also does not make commercial sense to pull out of South Africa merely because of the recession and the weak rand."

"We believe the growth potential of South Africa as a developing nation during the 1990s is exciting."

fits and the figures are not disclosed in the US parent's report.

### Broader base

Having achieved dominance in coal-mining equipment, Mr Heron is looking at growth.

Several developments have been initiated which could transform Joy into a more broadly based engineering group.

Such a move could lead to Joy's going for a listing on the Johannesburg Stock Exchange or bringing in a South African partner to raise the money for large-scale diversification.

hydraulics operation which will result in increased import substitution. I am negotiating with a US electronics company for a possible technology link.

"I believe that electronics is where the future lies in improving our mining equipment."

Joy Manufacturing in South Africa is a wholly owned subsidiary of US parent Joy Manufacturing.

Mr Heron claims Joy has a 75% share of the SA market for coal-mining equipment, such as continuous miners, shuttle cars, loaders and cutters.

He refuses to disclose the company's turnover or pro-

cranes and improve the factory layout.

Included in the plans is a plant to manufacture the chains used by continuous miners and other equipment Joy produces.

Mr Heron says: "At present, 43% by value of what we import is accounted for by chains. We are bringing in technology from our US parent to manufacture the chains."

### Dollar saving

"It will cost us R2-million to set up the plant which should save us \$2.5-million annually in foreign currency."

"We also intend starting a



# US divestment: threat to blacks is exaggerated

Star 4/17/85  
(62)

In the manner of many widely-debated issues, the question of the divestment campaign against South Africa has willy-nilly led to the growth of a body of conventional wisdom on the topic.

Among the commonly-held propositions are that divestment will:

- Lead to a drastic increase in unemployment for black workers.
- Seriously prejudice economic recovery in South Africa.
- Have drastic effects on the economies of South Africa's neighbour states.

University of Natal academics Dr Michael Sutcliffe and Dr Paul Wellings hold these assumptions up to scrutiny in an article criticising a survey conducted by their colleague Professor Lawrence Schlemmer.

They argue that Professor Schlemmer has presented the consequences of divestment in a biased and simplistic way in trying to elicit views of black workers. "The divestment campaign is presented as a simple either/or dilemma — either one frightens the South African Government or there are more jobs for black workers."

The subject is a good deal more diverse and complex than this, Drs Sutcliffe and Wellings argue. They contend that Professor Schlemmer's conclusion — "that divestment is a 'no go' for black workers" — should be rejected as the response was drawn by misrepresenting the facts.

Here's what they would like to add

Two University of Natal academics, Dr Michael Sutcliffe and Dr Paul Wellings, argue that the man in the street has been fed grossly distorted information on divestment. They suggest that the matter is more complex and diverse than is usually admitted. JO-ANNE COLLINGE reports.

to Professor Schlemmer's assumptions.

In response to the claim that divestment will result in a drastic increase in black unemployment, Drs Sutcliffe and Wellings point out that the most common form of sanction in the United States is "divestment" — investors off-loading shares in US companies which have South African connections.

Although the shareholding in the US company may be quite large, the proportion that is actually channelled to South Africa is usually insignificant. Divestment might deter firms from future investment in South Africa, but ultimately it was "little more than a symbolic gesture".

New US legislation on divestment did not require US firms to close up shop; it merely limited new investments.

And they insist: "Most importantly it is necessary to correct the view that American investment is a major source of jobs for black South Africans."

Drs Sutcliffe and Wellings point out that most foreign investment in South Africa is indirect investment. This takes the form of loans to South African companies and the Government as well as buying shares in South African firms. "Very few forms of indirect investment are job-creating," they add.

They also point out that estimates of the number of jobs depending on the activities of US companies in South Africa varies immensely — from 70 000 to 700 000. Whichever figure was correct, divestment would remain less of a threat to jobs than a successful boycott of South African exports.

Addressing the notion that divestment will seriously prejudice economic recovery in South Africa since US investment is necessary to economic growth, Drs Sutcliffe and Wellings insist that South Africa has been able to generate its own capital requirements.

"The proportion of new capital formation financed from foreign investment has fallen from

35 percent over the period 1946-55, to 17 percent over 1966-77, and to about 10 percent in the last 10 years," they state.

Total foreign investment has been declining since the mid-70s, and there is little reason to expect it to play a crucial role in reviving the SA economy. The authors point out that 30 US companies have moved out since 1980 while only 11 have moved in.

Disinvestment "was already underway long before it became a political issue. Thus: "The present concern about divestment is therefore akin to shutting the stable door after the horse has bolted."

Finally, weighing the likely effects of divestment on South Africa's neighbouring states, Drs Sutcliffe and Wellings conclude that they are unlikely to be significant as South Africa's own economy would not be threatened.

They acknowledge that US interests in mining are considerable but contend that divestment is unlikely to damage the mining industry as a whole. "Hence, any decision on the part of the Chamber of Mines to replace foreign with local labour — something which would have drastic implications, particularly for Lesotho — will be motivated by considerations other than divestment."

It was also possible that South Africa's neighbours might actually benefit from divestment, offering an alternative "home" for US foreign investment.

# Church to pull cash out of SA <sup>4/7/85</sup>

AMES (IOWA) — Leaders of the United Church of Christ have voted to divest holdings in companies with South African connections and to stop doing business with banks that assist the Republic. <sup>62</sup>

Miss Audrey Smock, the UCC's world issues secretary, said the New York-headquartered church has about R1 300 million invested in pension and other funds, of which at least R250-million is in holdings of American companies with plants in South Africa. — Sapa-AP.

CAL Times

8/7/85

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# US moves to tough sanctions

WASHINGTON. — American pressure on South Africa to end apartheid looks set to intensify this week as Congress moves closer to tough sanctions.

The Republican-led Senate, in a debate starting today, is preparing legislation that would be a sharp rebuff to President Reagan's cautious approach to Pretoria's policies.

Barring last-minute hitches, the Senate action would send a strong signal to the South African Government that Congress wants reforms to the apartheid system.

"It is obvious that strong, punitive measures directed at the South African Government are necessary to stop the abhorrent treatment of the black majority," said Republican Senator Mitch McConnell of Kentucky.

## Curbs

Recently, the Democrat-controlled House of Representatives overwhelmingly passed a bill for sanctions by 295 votes to 127.

House members approved economic curbs last year, but Congress adjourned before Senate action and the measure died.

The measure that recently cleared the House is considered slightly stronger, and the plan before the Senate is seen as a tough bill.

The Senate bill won approval in the Senate Foreign Relations Committee by 16 votes to one.

Both the House and Senate versions would prohibit new US bank loans to the South African Government, prevent sales of US computers and technology that South African military or police could use in enforcing racial laws

and stop US nuclear technology exports.

Both bills would prevent US firms from making new investments or expanding their South African operations and would prohibit Kruggerand imports.

The House bill would apply these latter sanctions immediately unless South Africa quickly enacted reforms, ranging from letting black workers live near their families to allowing blacks to vote.

Under the Senate version, the new sanctions would not be imposed for 18 months to give South Africa time to make progress on reforms.

Once passed, the Senate version must be reconciled with the House-approved measure before a final bill can be sent to the White House.

The Reagan administration objects to both bills, contending that South Africa has made progress on lessening restrictions and that sanctions would only hurt working blacks.

## Filibuster

But in Congress the administration's long-standing policy of constructive engagement with Pretoria is viewed as having accomplished too little.

Senate Republican leader Mr Robert Dole of Kansas hopes the bill will be passed in the coming week. Although any senator can block the vote through lengthy debate or tabling multiple amendments, no threats of such a filibuster have been made.

Nevertheless, conservative Republican senators such as Mr Jesse Helms of North Carolina are expected to offer strong opposition. — Sapa-Reuter

# Increased U S investment benefit for South Africans

Mercury Correspondent  
CAPE TOWN— South African investors will have increased benefits of United States investments when Conafex increases its holding in Afex, a Luxembourg-based investment group, with a partial offer to Afex shareholders today.

Conafex, which is listed on the Johannesburg and Luxembourg stock exchanges, and Afex, which is listed on the London and Johannesburg exchanges, together have portfolios of prime quoted investments and property in the U.S.

The issue is the third stage in a process of reorganising the East Rand Consolidated Plc group (ERC). The underwriters of today's rights offer are Barclays National Merchant Bank Ltd.

Yesterday, Barname's

corporate finance manager, Mr Simon Oliver, commented: "The offer is to let Conafex increase its portfolio of quoted investments and deposits and diversify its general portfolio of investments. The effect of the scheme will be to give South African investors in Conafex further benefits of overseas investments through the controlling holding in Afex."

The final stage of the reorganisation has two forms: a rights offer and a partial offer.

In terms of the former, Conafex intends raising approximately \$750 000 with a rights issue of 624 173 Ordinary conafex shares on the basis of one new share for every existing two. The shares will be issued at \$1,25 each.

Barname will announce the terms of the offer to-

day. It will open on August 1 and close on August 10.

In terms of the partial offer, Conafex plans to acquire a further 592 362 Ordinary Afex shares. This will increase Conafex's holding in Afex by 16,7 percent to 50,1 percent. The offer will be on the basis of 19 new Conafex shares for 20 Afex shares.

Afterwards, Conafex will issue a further 562 743 Ordinary shares to accepting members of Afex. On completion of the partial offer Conafex's principal investment will be a 50,1 percent holding in Afex, represented by 1 784 188 Ordinary shares with a nominal value of 50c each.

Barname expects that the rights offer will in-

crease the consolidated net asset value of Conafex to \$8 246 097 and will raise shareholders' earnings to \$251 298 from \$164 434.

Afex, which was incorporated in Luxembourg, in the parent company of a group with investments (as at September 30, 1984) worth \$1,5-million in the U.S., \$4,46-million in South Africa and \$1-million in Zimbabwe.

Today's rights offer is the third stage in a process by which East Rand Consolidated Plc reduced its share capital and distributed its holding in Conafex to its shareholders. The second stage of the process listed Conafex as the holding company of Afex in the Industrial Industrial Holdings sector of the JSE on July 1.

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Mercury  
10/7/85

# R6 million US operation for Wilsonia

*Dispatch Reporter*  
Dispatch Reporter

EAST LONDON — A South African subsidiary of an American multinational company is to establish a R6 million operation at Wilsonia industrial complex.

Work on the project has started and it is expected the factory will come on stream before the middle of next year.

The company, Whitehall Products, which manufactures a wide range of pharmaceutical and household products, has been well established on the Reef for a number of years, and will be relocating to Wilsonia under the government's decentralisation scheme.

The company's general manager, Mr Eddie Hart, said yesterday that foundations for the new plant had been laid and phase one of the building plan completed.

Between 100 and 120 skilled and semi-skilled workers would be recruited locally and about 20 key personnel would be relocated from the Reef.

Approximately R3 million would be spent on constructing the "shell" of the factory and the balance of the investment would be spent on equipment.

"Our target date for full production is May 1 next year."

The company exports goods to neighbouring African countries and has a national marketing network in the Republic.

"The sales office will remain on the Reef but the rest of our operation will move to Wilsonia."

Mr Hart said recruitment of workers locally



MR EDDIE HART  
"full production next May."

11/7/87  
would start at the beginning of next year. "Our company operates under the Sullivan Code of labour practice and we have training programmes for our staff as part of our commitment to the code.

"From a social point of view we are committed to looking after our staff."

The company has a local board of directors headed by Mr Hart in his capacity as chairman. There is also one foreign director.

Mr Hart said the decision to relocate to Wilsonia had been based on the "tremendous co-operation and support" the company had received from the Border Metropolitan Development Corporation (Bomedco).

"We had been looking at other areas to locate our premises, but after the encouragement and co-operation we got from Bomedco we opted for Wilsonia."

The director of the Publicity Association, Mr Ted Walsh, said the new factory would create job opportunities and the capital to be invested represented a significant sum.

# Senate—House clash could

17/7/81  
29  
delays  
sanctions

There are strong indications that neither the Senate nor the House is willing to budge on the sanctions it has chosen to punish South Africa for its race laws. NEIL LURSEN of The Argus Foreign Service reports from Washington

A CLASH is building up between the United States Senate and the House of Representatives over economic sanctions against South Africa. The dispute could result in political infighting that could turn as bitter as the recent debates in the Congress over apartheid — and it is almost certain to delay the passage of the sanctions.

Both congressional chambers have approved sanctions packages with the House version considerably tougher than that of the Senate.

The two versions have to be reconciled at a Senate-House conference and then ratified by both chambers before a sanctions bill can be sent to the president for signing into United States law.

**Punish**

But now there are strong indications that neither side is willing to budge on the sanctions it has chosen to punish South Africa for its race laws. Also playing a role behind the scenes are officials of the Reagan Administration who are making a last-ditch stand to hold off or water down the sanctions.

The Senate has already informed the House that the sanctions package it approved last Thursday, the Lugar-Dole Bill, is its final word on the subject and that it expects the House to approve it as the one and only measure.

A House source said today: "I don't think there is any chance that we are going to accept that."

Liberal Democrats in the House are to attend a special meeting in Washington to plot a strategy against the Senate pressure.

Among the sanctions contained in the Gray Bill approved by the House are bans on new American investments in South Africa and on Krugger- and sales here.

Neither measure is included in the Senate Bill, the strongest measures of which are bans on new bank loans to the South African Government and restrictions on nuclear technology and computer exports.

Leaders of the sanctions campaign in the House, notably

congressmen Bill Gray of Pennsylvania, Stephen Solarz of New York and Howard Wolpe of Michigan are especially anxious to include the ban on new investments in the final bill.

They argue that it is a moderate measure, will not remove existing jobs for blacks and will be an effective signal to the South African Government in the midst of otherwise soft sanctions.

**Disinvestment**

Senators who approved sanctions last week but who do not want to harm South Africa's economy unduly contend that such a measure will open the door to disinvestment, will be unfair to US companies and will harm South Africa's blacks.

The Senate has indicated that it is not willing to meet House representatives in conference on the sanctions.

According to sources here, the House may retaliate by attaching the Gray Bill as an amendment to an unrelated bill that the administration needs to carry out its duties.

Typically, this would be an appropriations bill of which there are still many that have to be approved for the 1986 financial year.

Such a ploy would force the Senate to meet on the House bill. "There are other political pressures we can apply," one source said — though he did not spell them out.

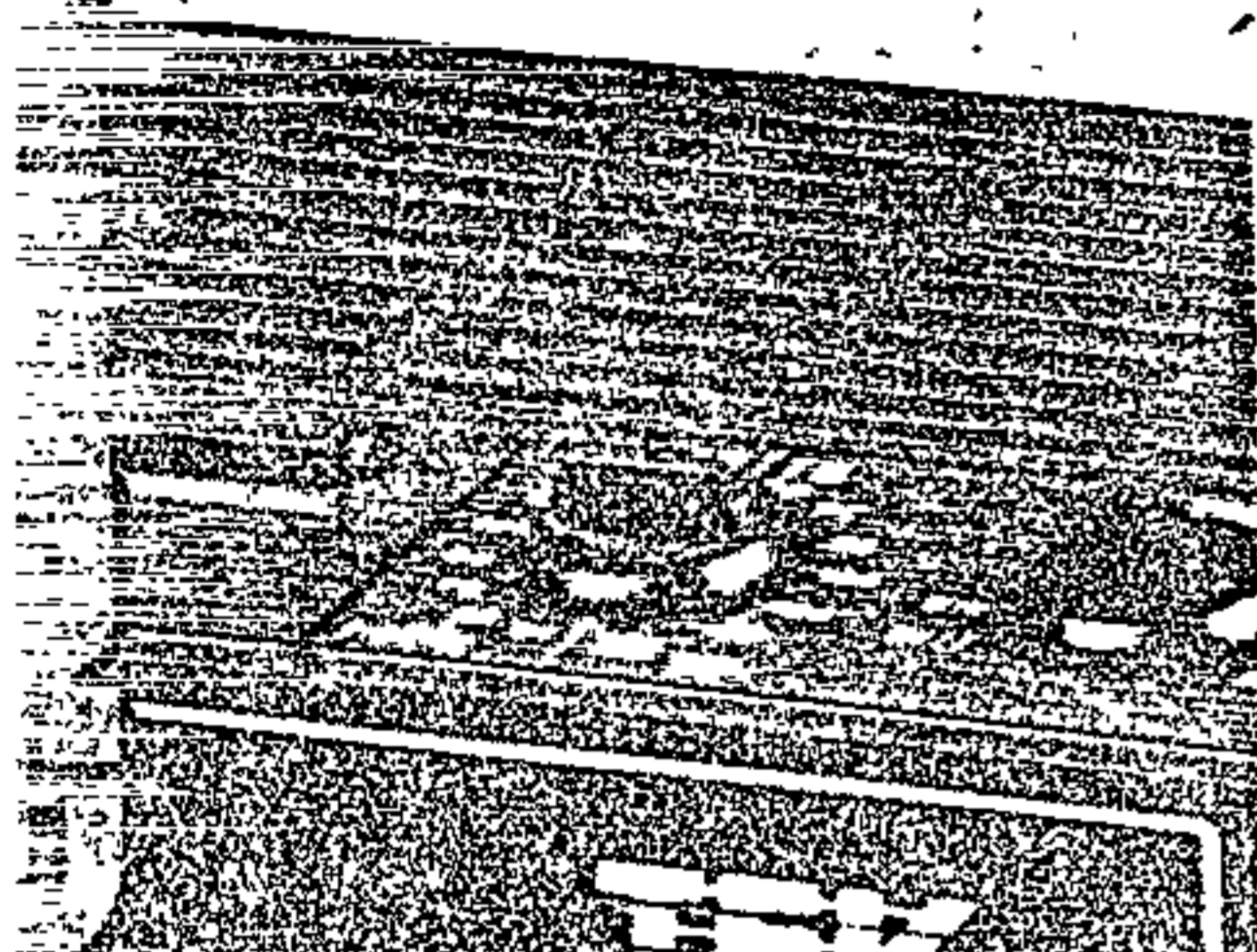
**Squabble**

One result of the political squabble is that the South African sanctions measure may not be ready to be sent to the President before the Congress enters a month-long recess on August 3.

If a Senate-House conference does take place on South African sanctions, it is likely to be a lively gathering.

Analysts here predict that the conference will include such disparate forces as Republican Senator Jesse Helms, spokesman for the rightwing in the Senate, and liberal Democratic Congressman Howard Wolpe who has waged a fierce battle against US ties with the South African Government throughout his term in the House.

Well worth  
the trip to  
Parow!



CAPETOWN TIMES 18/7/85

# Strikes halt work at Ford and VW

**Own Correspondent**  
PORT ELIZABETH. — Industrial action at Ford's Neave assembly plant in Port Elizabeth and at Volkswagen in Uitenhage stopped production at both factories yesterday.

Operations halted at Neave when 16 workers in the paint section downed tools because of dissatisfaction over wage increases.

"As a result the assembly line halted and Ford had no option but to close. About 1 500 workers were affected," a Ford spokesman said.

An estimated 500 employees on Volkswagen's Golf line stopped working yesterday. According to a company spokesman, a National Automobile and Allied Workers' Union (Naawu) delegation asked management for payments from their pension contributions.

The spokesman said VW would consider this once Naawu had made an official request.

He said the work stoppage caused a disruption and imbalance on the entire production line.

Diplomatic sources say that if the dispute were to go to court of law, South Africa would be in a difficult position. I continued last night that members

# Move against disinvestment

Star 18/7/85

By Neil Lurssen,  
The Star Bureau

WASHINGTON — Disinvestment moves against South Africa by American states, cities and other local authorities involving billions of dollars may soon be declared illegal.

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Republicans in the United States Senate — including senators Mitch McConnell and Richard Lugar who were behind the recently-approved sanctions Bill — have

asked the Congress to take this step because, they say, the many individual disinvestment actions interfere improperly with the United States' foreign policy function.

The two senators have cited a US Supreme Court ruling and a study by the American Law Division of the Library of Congress to back their request.

If their effort succeeds as expected, it will be a major blow against the widespread disinvestment campaign here —

the attempt to get American companies to pull out of South Africa and to force investors to withdraw their money from companies that do business with South Africa.

Disinvestment has made little progress in the US Congress, but many states and local authorities have enacted investment legislation — typically involving millions of dollars in pension funds.

The two sanctions Bills

approved by the Congress have carefully avoided seeking immediate disinvestment because it would jeopardise black jobs and American profits — but they threaten disinvestment in the future should South Africa make no progress in eliminating apartheid.

Senator McConnell said states, cities and other bodies had drafted an enormous variety of disinvestment measures because of the absence, until now, of federal legislation.

This variance from state to state has caused confusion and concern on the part of small investors, pension fund administrators and contributors, and corporations with South African business ties.

"It is clear that we cannot afford 50 or more foreign policy agendas and standards."

Congress has pre-empted state action many times in the past in areas such as the regulation of pension funds and labour-management relations.

"No field is more clearly suited for federal control than that of foreign policy," Senator McConnell said.

Senator McConnell was supported by Senator Lugar.

"To have 50 states and hundreds of municipalities all trying to guide US companies in South Africa would lead to chaos.

"The nation needs to speak with one voice on foreign policy," he said.

## Another UK Bill seeks sanctions against SA

Star  
The Star Bureau

LONDON — For the second time in a week Parliament has endorsed backbench moves for sanctions against South Africa.

18/7/85  
But both the United Nations Namibia Bill, given a formal first reading in the House of Lords yesterday, and the Sanctions Against South Africa Bill introduced in the Commons last week by Mr Richard Caborn, a Labour MP, have little chance of becoming law.

Their introduction into Parliament is a Labour ploy to increase pressure on the Tories to introduce sanctions. Both will be dropped by the Thatcher Government at the end of this session.

Now Lord Hatch, who introduced the Bill into the Lords, and Mr Caborn will try to reintroduce them in October — to coincide with the next Commonwealth heads of government meeting.

Anti-apartheid campaigners say the Lords move has two benefits — there is no limit on the length of debate, and proceedings are televised.

"When Mrs Thatcher stands up and says Britain is against sanctions, we will make sure all the Commonwealth members have copies of our Bills," Lord Hatch said.

Anti-apartheid groups claim many Conservative MPs favour sanctions and did not attend the debate to avoid voting against them.



ARGUS 18/7/85

## East Cape plants shut down by strikes

~~187~~ ~~188~~ ~~189~~ (62) ~~190~~  
Argus Bureau

PORT ELIZABETH. — Volkswagen SA in Uitenhage and the locomotive plant of General Motors at Alocs shut down today because of strikes.

Workers at Ford who went on strike yesterday returned today.

Volkswagen management said that because so few workers reported for duty today the entire plant would close for the day.

Last week Volkswagen workers downed tools for three days over the management's decision to lend mini-buses for the All Blacks rugby tour.

The plant closed yesterday afternoon after workers on the Golf production line downed tools.

The workers say they want their pension contributions paid out to them and are also unhappy with the existing pension scheme.

The Alocs locomotive plant is to close until Monday through an unresolved strike that started on Monday.

The workers at the Alocs plant downed tools on Monday over an alleged altercation between a white supervisor and a worker.

CAPE TOWN 19/7/85

# PE plants shut down by strike

PORT ELIZABETH. — Volkswagen and the locomotive plant of General Motors shut down yesterday through continuing strike action by the workers.

Workers at Ford's Neave plant resumed work yesterday but by 10.30am had downed tools again. They went on strike on Wednesday.

A spokesman for Ford said it was not clear at this stage whether the Neave plant would be closed down for the day.

On Wednesday, for the second time this year, all three motor companies in the Eastern Cape had workers out on strike.

● Meanwhile the National Union of Mineworkers (NUM) plans to go ahead with a strike on 27 gold mines and collieries throughout the country early next month, according to the union's information secretary, Ms Manoko Nchwe.

More than 210 000 of the country's 550 000 black miners are employed on the designated mines, which would make the strike, if successful, the largest in South African history.

Ms Nchwe said balloting at 16 of the 27 mines where the union is recognized had brought in more than 60 000 votes favouring the strike with fewer than 1 900 oppos-

ing This represented 92 percent of workers on the balloted mines, according to the union's figures. "The strike is going ahead," Ms Nchwe said.

The industrial relations adviser to the Chamber of Mines, Mr Johann Liebenberg, said yesterday the NUM represented 85 000 paid-up members on the mines.

"The chamber contends that the NUM does not have a mandate from the 27 mines where it is recognized, and most definitely not from throughout the industry," he said.

● In Johannesburg, the Siemens management will meet representatives of the Metal and Allied Workers' Union (Mawu) today to try to overcome the deadlock situation in which about 2 000 striking workers were dismissed, a company statement said last night.

The workers were dismissed at five Siemens plants for going on strike on Monday to back demands for plant-level wage negotiations to supplement Industrial Council wage rates.

Siemens said the company was willing to consider re-employment of the fired workers, many of whom were loyal to Siemens. — Sapa

NEWS 19/7/85 (13) 62

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# Committee fails to get quorum for third consecutive meeting

Municipal Reporter

ATHLONE management committee called off its third meeting in a row yesterday because it did not have a quorum.

The committee has still to dispense with June's business and it could be running out of time.

Procedural regulations allow the City Council to act on management committee matters if they are not dealt with by the committees within a prescribed time.

Three members arrived for yesterday's meeting, due to start at 2pm, but it was called off at 3.15 pm because no one else arrived.

## WASTING HIS TIME

One member, Labour Party MP Mr K Lategan, arrived an hour and 25 minutes late, but he left immediately when told he was wasting his time signing the attendance form.

A meeting on June 20 had a similar fate.

It was adjourned to June 24, but that meeting ended when the committee lost its quorum halfway through.

Yesterday's meeting was to finish off June's business and get on with the agenda for July.

Compounding Athlone's difficulty is the fact that the chairman, Mr Arthur Stanley MP, is in a New York hospital recovering from a stroke he had on the flight to America with a parliamentary delegation against US disinvestment.

Deputy-chairman Mr P McKenzie MP took the chair. He and the two other members present — Mr Babs Essop and Mr F Adams — expressed their disappointment at the absence of their colleagues.

Dilatory members, apart from Mr Lategan, were Mr J Nash and Mr R Simmons.

A fourth member was on leave.

Blacks this year."

INSIDE: We

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# US senate call for milder SA sanctions rejected

ARGAS  
19/7/85  
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Argus Foreign Service

WASHINGTON. — The United States House of Representatives has rejected a US Senate demand that the Senate's milder version of economic sanctions against South Africa be sent to President Reagan for signing into law.

This means the sanctions issue is unlikely to be settled before the Congress starts a month-long recess in August.

If the differences turn into a stalemate with neither side willing to budge, it could leave sanctions on the shelf this year.

But congressional sources say that with feelings about South Africa aroused in the US and the Congress eager to do something about it, a compromise will eventually be hammered out. They predict a sanctions bill will be sent to the president in September.

## Punitive measures

This week, however, neither side shows signs of giving way. At issue is the severity of the punitive measures to be applied against South Africa. The two chambers have passed different bills.

The Senate sanctions are relatively moderate, calling for an end to US bank loans to the South African Government, restrictions on nuclear and computer trade, and adherence to the Sullivan code.

The Senate bill also seeks to help blacks with financial and educational grants and loans worth more than R30-million.

The House Bill is tougher. It wants bans on new US investment in South Africa and on Krugerrand sales in the US.

## Scrap its Bill

When the Senate approved its Bill last week, it sent a message to the House indicating it would go no further with sanctions and that the House should scrap its Bill and accept the Senate one.

But the House has sent a message back that it has no intention of doing so. It has appointed a number of congressmen, known here as conferees, to hold a compromise conference with an equivalent number of senators on the sanctions.

The Senate has appointed no conferees.

The source said the dispute could result in a stalemate.

CPA: 7-10-65 20/7/04

# Car industry strikers 'to go back to work'

Own Correspondent

PORT ELIZABETH. — Workers at Volkswagen in Uitenhage and Ford's Neave plant here are expected to return to work early next week, ending strikes at both factories.

A spokesman for the National Automobile and Allied Workers' Union (Naawu), which represents most hourly-paid workers at both plants, said workers at VW were expected to return on Monday and Tuesday and Neave workers on Tuesday.

Strikes at both companies started on Wednesday this week and affected about 5 000 workers. Both plants were closed yesterday.

Workers at VW downed tools after demands for refunds from pension contributions were refused. Workers at Ford stopped work because of the company's

refusal to backdate interim wage increases, the Naawu spokesman said.

These issues are expected to be high on the agenda when Ford, General Motors and VW meet trade union representatives in the Industrial Council on Monday.

Industrial Council negotiations over wage increases have been going on for about eight months with no results.

Ford and Volkswagen spokesmen could not be reached late yesterday to comment on the expected return to work.

● Sapa reports that yesterday's talks between Siemens and the Metal and Allied Workers Union (Maawu) to break a deadlock after 1 250 workers were fired for striking this week will be resumed on Monday.

A Siemens statement

last night said Maawu delegates were told that the company was willing to re-employ the vast majority of the dismissed workers, as it believed them loyal to Siemens. It said that while the company "clarified" its refusal of the R1/hour increase, individual workers would receive an additional increase based on performance and merit.

The statement said, however: "A small number of the dismissed workers will not be re-employed where acts of violence and intimidation can be proved. In addition, where disciplinary records exist, this will also be taken into account."

The company added it was willing that a small committee, representing both sides in the dispute, investigate the fairness of each case.

# IBM to give <sup>23/7/85</sup> R10-m boost to <sup>30/6/85</sup> black business

Financial Staff

IBM SA is to make grants totalling R10-million over the next five years for the support of black business enterprise and job creation, and greater black participation in the economic system.

The company says the move is an expansion of its corporate social responsibility programme in South Africa.

It has also announced a special agricultural project which will use computer technology to help transform low-level subsistence farming in the KwaZulu area into income-generating small-scale agriculture.

About R700 000 will be spent on a resource centre providing various types of agricultural training for black farmers, including land-use management and productivity improvement. Altogether, the project will cost about

R2-million.

A R400 000 donation will go to a housing project for blacks, which will be operated in conjunction with the Soweto Building Contractors' Association.

The programme will provide a headquarters and training centre, as well as bridging finance, training and counselling for blacks who want to enter the building trades and establish their own building enterprises.

Another R300 000 will be shared equally between the National African Federated Chamber of Commerce and Industry and the Get Ahead Foundation.

The sponsorship will be used to identify and provide a framework for changing the laws and regulations which impede the progress of black entrepreneurs wishing to take part in the free enterprise system.

No money taken out as ...

# Isuzu side-steps Japanese ban on SA investment

67 B. Day 25/7/85

ISUZU, a Japanese motor giant, has been able to side-step its government's ban on investment in South Africa, according to executive director Hishasi Ogawa.

"If the ban were to be lifted, we would be more concerned about investing here. However, General Motors (US) is the largest single shareholder in Isuzu Motors Japan with 34,2%, so the investment needs of Isuzu in SA can be met by GM, who represent us here," said Ogawa, who is on a brief visit to SA.

Speaking through his interpreter, Isuzu overseas operations manager Yoshiaki Harada, Ogawa said Isuzu took no profits nor royalties out of SA.

"We supply the latest components and technology. While we take nothing directly out of SA, we are compensated through our relationship with the General Motors group worldwide."

Ogawa said SA was an important market for Japanese companies.

"Although we know that SA's economy is very depressed at the moment, we are confident that it will recover in a short time. There is potential in the black market here and we are confident that as their salaries and purchasing power increase, they will become good and important customers for Isuzu."

Despite the Japanese investment ban, Ogawa said that there was no pressure on Japanese companies trading in SA to pull out.

Isuzu was naturally concerned with the depressed state of the SA motor industry, said Ogawa.

"We recognise that the market is de-



● HARADA



● OGAWA

ALAN RUDDOCK

pressed and our marketing efforts are geared towards at least keeping our present 15% share of the diminishing medium/heavy commercial vehicle market and, if possible, increasing that share. We believe that the market has great potential."

Ogawa and Harada are in SA primarily for a courtesy visit to GM and Isuzu dealers.

"We have come to see the International Transport Exhibition and Conference (Itec '85 in Johannesburg), to hold discussions with GM and to pay a visit to some of our South African dealers."

He added that discussions included the possibility of GM exporting Isuzu components to Japan. "The decision on that will be based on the price, quality and dependability that GM can offer."

Sales of Isuzu trucks in SA represent about 5% of the company's total world sales but it had no plans to introduce its range of passenger cars, said Ogawa.

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# 1 500 workers shut out at Ford plant after stoppages

Argus Bureau  
**PORT ELIZABETH** — Samcor have shut out 1 500 workers at Ford's Neave plant and have threatened to close the plant closed until the workers return to work and agree to continue working.

The move follows a week of stoppages by workers demanding that recent wage increases be backdated to February 1.

Samcor insists on sticking to an Industrial Council agreement and backdating the increase to May 1.

Recently General Motors and Volkswagen agreed to workers demands to backdate the increases to February 1,

precipitating the Ford Neave walkouts.

Samcor public relations officer Mr. Bob Kernohan said in a statement that the company should be allowed to operate for work every day in the expectation of work not performed is a hopeless exercise.

"Before we reopen the plant we want an assurance from the workers that they will return to work and continue to work," he said.

## Denial

He denied that Samcor was taking advantage of the stoppages to close the plant permanently — scheduled to happen at the end of the year in terms of the Ford Amcar merger.

"We have parts and material in the plant for several months' production. In the motor industry planning has to be done months in advance as parts have to come from as far afield as Europe," Mr Kernohan said.

"We negotiated with the workers for four days before we took this action. That should show that we are not trying to take advantage of the situation."



FM 26/7/85

centred in Witbank, where better qualities predominate. Although current reserve estimates are not strictly reliable, most experts agree it is unlikely another major coalfield will be discovered in SA which could handle long-term export contracts or supply another Escom power station.

The major consideration, says National Coal Research Institute deputy director Mel van Vuuren, is not the adequacy of reserves of low-grade coal, but that "mining methods and utilisation are not wasteful."

But Falcon says both are wasteful: "Coal left in the ground is relatively inert in terms of its reactive components, which makes it difficult to burn, and private sector consumers are not geared up to use the lower grades. This is the trend overseas."

The issue is sensitive, says an industry source. More mining houses are aware of the problem and are trying to retain coal for export contracts.

Amcoal MD David Rankin is reluctant to discuss the issue, but adds: "It is complex."

At the heart of the problem are coal mining techniques, government policy and long-term demand projections, both for export and local consumption. Consequently, producers differ in the degree of concern.

Rand Mines (RM) chairman Alan Sealy believes the industry is "very conscious of utilising collieries to the maximum." New mining methods enable previously sterile reserves to be exploited, he says.

"Multi-product" mining is also helping. Collieries tied to power stations, which burn low quality coal, can cream off higher grades for export. While government would like this applied more widely, Sealy says scope is limited as there are few consumers on the same scale as Escom.

In the same way, he says, production costs at the exploitation of lower quality, less accessible coal. Sealy considers price structure to be the main obstacle. "Existing price differentials between grades provide neither producer nor consumer with incentive to develop the use of the poorer coals."

Trans-Natal planning manager, Gavin Turner, points out that "theoretically, in a free market economy we mine the coal for which there is a demand. If a producer were

to mine coal of a significantly lower quality than competitors, no-one would buy it."

He says SA's best quality coal was mined out early this century. In the same way, what remains in 50 years will not be as good as that available now. However, he disputes Falcon's 20-year deadline. "The major producers, in particular, are capable of continu-

the banning of new bank loans to the SA government. "I expect the eventual outcome will be a strong message of US disenchantment with SA's racial policies. But I hope the beneficial impact of US business ties with SA will be allowed to remain largely intact," he says.

Lubke is adamant that US business links with SA play an important role in promoting social reform in SA. "US companies like IBM and Rank Xerox are deeply involved in voluntary social improvement programmes, and Amcham has recommended that its members continue the excellent work," he says.

Underlining Amcham's opposition to discrimination — "whether it occurs in the workplace or outside" — Lubke says US business has made a significant contribution towards peaceful change in SA. And that is exactly why they should stay on, he says.

"American companies have made considerable investments in the training and advancement of their black workers, as well as investing some R76m in the last six years in projects outside the work place. Any restriction on American businesses' ability to compete fairly, widely and openly must affect that contribution," he says.

Other statistics which show the increasing benefits of US business involvement in SA are:

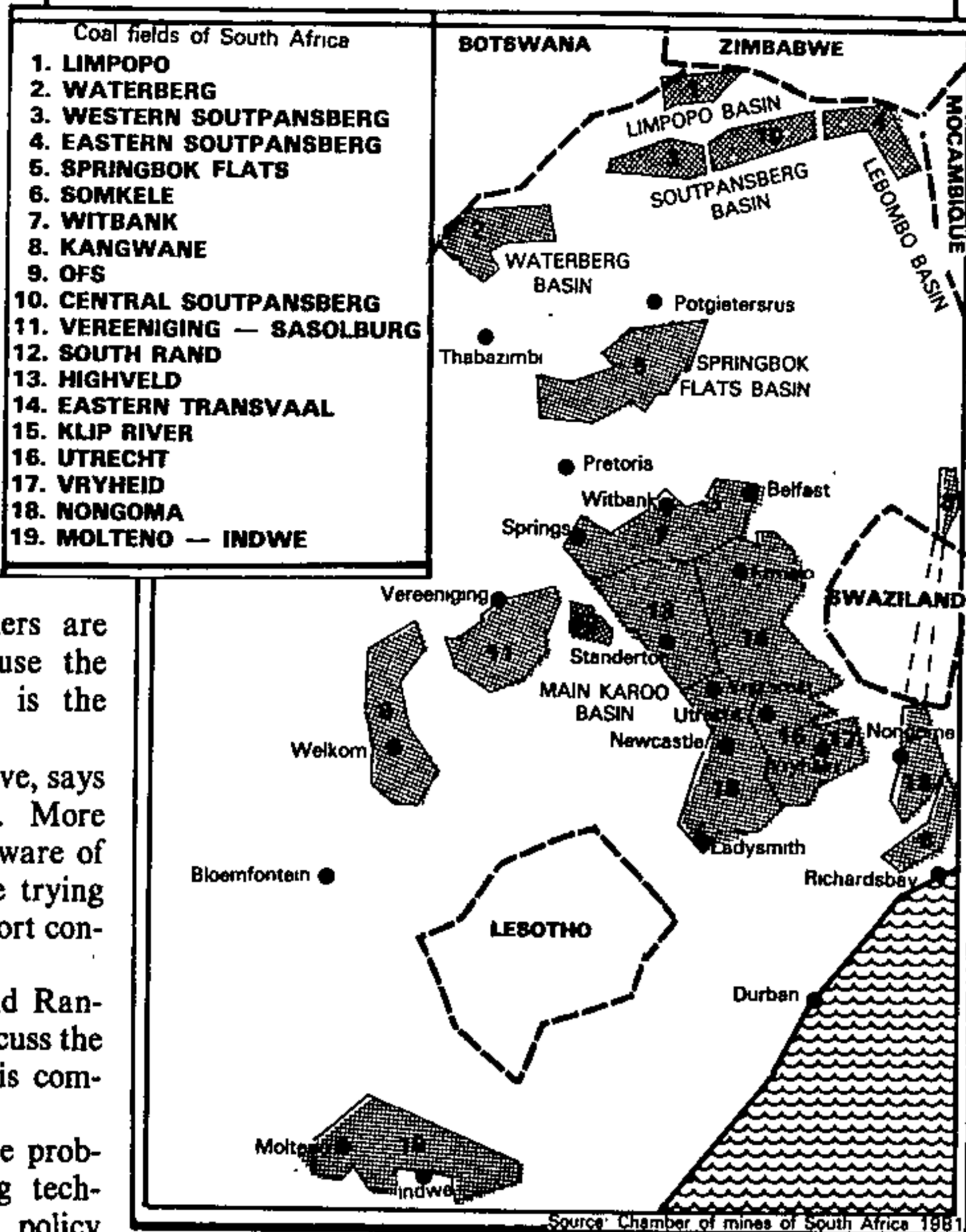
- The number of blacks undergoing training programmes in US-owned companies jumped from some 5 000 in 1979 to about 34 000 in 1984;
- Expenditure on these programmes increased from \$1m in 1979 to \$11m in 1984;
- The number of schools receiving financial support from US companies under the "Adopt a School" programme grew from 96 in 1980 to 280 in 1984; and
- Some 77% of all transfers of 99-year leasehold properties to urban black South Africans take place to employees of US companies operating in SA.

Of Amcham's 180 US members — employing some 120 000 blacks — 149 are signatories to the Sullivan Code of business principles. Lubke says Amcham does not monitor compliance with these principles as "they have their own organisation doing this." Nevertheless, in the past six months another 20 US companies operating in SA have become signatories.

Lubke says Amcham made no direct representations to the US Congress on disinvestment legislation, but individual members keep their US parents informed of developments inside SA.

"Only significant political and social reform will remove the disinvestment threat from SA," says Lubke. "We are encouraged by the attitude of the State President and the government to reform. But the question remains: How soon and to what extent will this be carried out? The US Congress and Administration cannot determine the pace of change in SA — it is in the hands of the SA government and its black citizens," he says.

## WHERE IT'S AT



ing to supply known market quality needs for at least 30 years," he stresses. "Government export quotas, granted in 1981 to be phased over 30 years, were allocated on that basis.

"The point is," he says, "there is a real benefit to the economy from mining the most cost-competitive coal now."

## DISINVESTMENT

### Countering threats

The American Chamber of Commerce in SA (Amcham) has come out strongly against US disinvestment and sanctions legislation.

Amcham president Frank Lubke says he hopes the legislation expected to come from the Joint Committee of the two houses of Congress this year will not be too serious, and that it will allow US companies to carry on business without too many restraints. He also trusts that the House's draft legislation banning new US investment in SA "will fall away."

Expected to remain — at this stage — is

# Computers 'for' peaceful change

IBM has announced a five-year program to help generate improvements in education and economic development among black South Africans.

The program significantly expands IBM's existing corporate social responsibility activities in South Africa.

The initial program will cost R20-million and will be funded from IBM South Africa's earnings. IBM will provide 250 schools with "Writing to Read" computer-assisted education systems - to serve more than 37 000 elementary school children each year.

These systems will be used to enhance English language reading and writing skills.

"We believe one of the most important things we can do to promote change in South Africa is to advance the educational development of black South Africans," said IBM president and chief executive officer John F Akers.

"We believe this program can help accelerate the process of peaceful and meaningful change."

During the program's two-year first phase, "Writing to Read" laboratories will be established at four black teacher-training colleges, where teachers will receive special training on the system.

Laboratories will also be opened at 42 black primary schools. IBM will provide self-contained, prefabricated buildings to house the laboratories at these schools. Each laboratory will have six IBM Personal Computers to run "Writing to Read" software, IBM typewriters and audio-visual equipment.

"Writing to Read" is a powerful teaching tool which reinforces learning, and helps make the transition to conventional spelling. Pupils listen to recordings of children's stories while they follow along in books.

"Writing to Read" was announced in the US last year following extensive testing by the Educational Testing Service of Princeton, New Jersey. The two year evaluation involved

more than 22 000 children and 225 primary schools in the US.

ETS says it found the system to be an exceptionally effective educational program for teaching reading and writing.

In response to IBM's initiatives, the South African Department of Education and Training has committed to change the curriculum in black schools and will provide teachers with the necessary training.

The department will also construct new facilities to house the remaining "Writing to Read" laboratories beyond the initial 42 being provided by IBM.

IBM is also providing funds to undertake and evaluate other initiatives in education and economic development programs for African, Asian and coloured South Africans.

The additional programs being undertaken by IBM include:

- Buying educational TV programs.
- Giving financial assistance to existing organisations for the identification of laws and regulations which inhibit the free enterprise system and the establishment of African, Asian and coloured businesses.
- Encouraging African, Asian and coloured entrepreneurship through artisan and management training, loans for projects such as the construction of housing for blacks by black subcontractors, and the identification of other business opportunities which will result in the creation of more jobs.

Commenting on the IBM initiatives, IBM South Africa managing director Jack Clarke said: "Traditionally IBM has made its contribution towards positive change in the areas of education and training. "Writing to Read" is therefore a logical extension of that effort.

"In addition we hope to make further contributions in another important area - job creation, and the development of black entrepreneurs. But for this to take place with the correct momentum, obstacles on an individual's ability to participate in the free enterprise system will have to be changed.

"IBM will contribute towards a practical project aimed at identifying the legislation which inhibits the development of individuals and the free enterprise system.

# R10-m for trade

IBM has announced it will grant R10-million to expand its current Corporate Social Responsibility programs in South Africa.

The main thrust of the initial programs over the next five years will be in support of black business enterprise, with the emphasis on job creation and greater black participation in the economic system.

At the same time, the company has announced a special agricultural project, aimed at using computer technology to help transform low-level subsistence farming in KwaZulu into successful small-scale, income-generating agriculture.

IBM South Africa managing director Jack Clarke said the company was taking these initiatives because it believed it should be engaged in meaningful change in South Africa.

"We are on the threshold of accomplishing something truly worthwhile, which will benefit many people tremendously.

Mr Clarke was speaking at a special ceremony in KwaZulu, where IBM grants will support the construction of a R700 000 resource centre. The centre will provide various types of agricultural training for black farmers, including land use, management and productivity improvement.

When trainees have returned to their own areas, extension agents will monitor and guide their progress.

The resource centre forms part of the R2-million agricultural project, at the heart of which is an IBM 4 300 computer. Hardware and software computers have been donated to the University of Natal for use by the Institute of Natal Resources in land-use planning.

The Institute, funded by the private sector, will now be able to store valuable information about existing and potential water resources, crop land, grazing land, timber, infrastructure and population patterns. It will also display these graphically.

The IBM system will thus facilitate the planning process.

IBM is also donating R400 000 to a black housing project, to be operated in conjunction with the Soweto Building Contractors' Association.

The program will provide headquarters, a training centre and bridging finance, training and counselling for blacks wishing to enter the building trades and establish their own building enterprises.

This pilot program will generate employment and help reduce the housing shortage.

A total R300 000 goes to black organisations already working to increase black participation in the South African economy. Half will be given to the National African Federated Chamber of Commerce and Industry, and the other to the Get Ahead Foundation, which is involved in establishing black business in formal and informal sectors.

This sponsorship will be used to identify and provide a framework for changing those laws and regulations which at present impede the progress of black entrepreneurs seeking to participate in South Africa's free enterprise system. Some of the money will be used as venture capital for blacks wishing to set up their own business operations.

An IBM South Africa Projects Fund has been established to support charitable, educational and economic development work in this region. Some money will be granted directly to various organisations, but most of the money will be funded and administered by the Projects Fund.

IBM will ask for suggestions for future programs from organisations and individuals in South Africa and in the United States.

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# Pay parity for teachers a step closer

Further steps to bring about parity in the salary scales of teachers of all races have been announced by the Government

The Minister of National Education Mr F W de Klerk, said in a statement released in Pretoria yesterday that the service dispensation of certain coloured, Indian and black teachers would be improved from October 1 this year

He said the Government would spend R56 million between October and March next year to reduce disparities between teachers of the various population groups. The adjustments were in accordance with the Government's commitment to the elimination of "un-

justifiable disparities based on population group.

Mr de Klerk said about 100 000 teachers would benefit from the adjustments which applied to teachers in the lower qualification categories

Lower qualified whites had already been placed on parity scales and would therefore not be affected. The same applied to teachers of other population groups who had already been placed on parity scales.

"Although good progress is being made with the elimination of disparities, in practice the process cannot be implemented faster than available funds allow"

Mr de Klerk said individual teachers would not receive the same percentage adjustment because the disparities were not of equal size at all levels.

The announcement gave only a general indication of the adjustment and any further information would be supplied by the individual ministers of education. — Sapa

## Ban new loans says UK party

62 The Star Bureau  
LONDON — A statutory ban on new bank loans and new investment in South Africa throughout the European Economic Community has been proposed by the Social Democratic Party in a policy document.

SDP leader Dr David Owen said "Britain should be working for a common European position in its policies towards South Africa and actively identifying with the excellent resolution put forward by France to the United Nations Security Council."

He warned there was a grave danger of Britain becoming isolated in the world community if it associated so completely with President Ronald Reagan's policies.

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# Reagan 'will resist moves to disinvest'

62 (57) Sapa 30/7/88  
HELSINKI — President Ronald Reagan intends to resist moves in the US Congress to restrict American investments in South Africa because the sanctions would cut jobs and opportunities for blacks, the US Secretary of State, Mr George Shultz said yesterday.

"I believe, and the President believes, it is counter-productive," Mr Shultz said, while flying to Helsinki to attend the 10th anniversary of the Helsinki Agreement.

Senator Richard Lugar, chairman of the Senate foreign relations committee, has called on Congress to move rapidly on legislation imposing sanctions on South Africa to force changes in its racial policies. He said he expected Mr Reagan to go along.

## 'AFFECTS BLACK JOBS'

But Mr Shultz said that discouraging foreign investments "affects the jobs of blacks whom you are presumably trying to help".

He said economic progress for blacks was "a part of what it takes to end apartheid. We are working to end apartheid. We have no use for apartheid".

But he acknowledged that the South African Government might not heed US advice. "They will undoubtedly follow what they think their interests are," Mr Shultz said.

"Our interest is in getting them to see that apartheid must end." — Sapa-Associated Press.

# US banks to remain in South Africa

By AUDREY D'ANGELO

**RUMOURS that two American banks — Chase Manhattan and Citibank — were about to close their Johannesburg offices were denied yesterday.**

But a spokesman for Chase Manhattan refused to comment on a rumour that it was not prepared at present to lend any more money to South African customers.

The managing director in South Africa, Mr Simon Stewart, said he had no comment to make.

"We have a corporate public relations officer, Mr Fraser Seitel, and he is the only person who will make statements on this matter."

Mr Seitel said by telephone from New York: "Rumours are going round."

"We have an office in Johannesburg and we are going to maintain it. We have no investments in South Africa so it would not be possible for us to disinvest."

"We have had a standard policy since 1977 that we do not lend to the South African government nor to parastatal organizations nor to Namibia or the homelands."

"We have customers in South Africa but we consider our relationship with them a matter of confidentiality and have nothing to say about them."

Asked if the bank would be willing to lend to any new customers in South Africa or to make new loans to existing

customers, Mr Seitel said it was reviewing the situation constantly.

"But if there were any change in policy it would be something we would not announce nor disclose."

A vice-president of Citibank, Mr Stuart Hain, said: "There is no question of our going — we are here to stay, and there is no change in our lending policy."

A spokesman for Citibank in New York said it had stopped lending to the South African public sector some time ago but, "any rumours that Citibank is stopping lending to the private sector or is pulling out of South Africa are incorrect."

● Mr Neil Behrmann writes from London that concern about repayments of foreign loans, and rumours that a two-tier currency system would be introduced again, set off a sharp decline in the the rand yesterday.

According to banking sources, he writes, Citibank sold South African public sector syndicated credits in the Euromarkets a few weeks ago.

London bankers told him that it was "extremely difficult" to roll over South African loans on the international credit markets.

Such was the concern about the renewal of loans and the weakness of the rand that several South African borrowers decided to repay them early.

The repayments pushed the rand down from \$0,48 to a low of \$0,43 before the currency recovered to \$0,46 again.

Against sterling, the rand was worth 31,5p, a record low. Just over a

year ago, it was 56p.

There were also unconfirmed rumours that West German banks were not renewing certain credit lines, Mr Behrmann writes.

A South African banker in London said that before the state of emergency, South African credits were on a margin of 0,75 percent to 0,87 percent over LIBOR, currently 8,25 percent

It was now "exceedingly difficult" to raise

funds therefore so present margins were bound to be higher.

Agefi, the international bond and credit newsletter, estimates that in the first half of this year the South African public and private sector borrowed \$948m on the Euromarkets, compared with \$828m in the same period last year. Bonds accounted for \$690m.

In 1984 South Africa borrowed \$1,33 billion on the Euromarkets and in 1983 \$1,4 billion.

# RUMOURS OF POSSIBLE WITHDRAWAL FROM SOUTH AFRICA OF CHASE MANHATTAN BANK, AND A REINTRODUCTION OF THE FINANCIAL RAND, SENT THE RAND PLUNGING MORE THAN 5 C AGAINST THE DOLLAR — EQUIVALENT TO A DEVALUATION OF MORE THAN 10 PERCENT — IN A MATTER OF HOURS YESTERDAY.

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The Reserve Bank is believed to have pumped millions of dollars into the market to prop up the rand, which eventually closed at 45,50/80 U.S. cents.

Dealers said dollar demand was very excessive, prompting Reserve Bank intervention.

But opinion was divided as to why such demand surfaced.

Reuters reported that the Chase Manhattan report, which had gained momentum on foreign exchange markets, was denied by a company spokesman in New York late yesterday, who said there were no plans to close its representative office.

The bank was watching the situation closely.

### Tinner

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## HILLCREST MAN (74) BLUDGEONED TO DEATH



### Crime Reporter

A 74-YEAR-OLD man was found beaten to death in the hallway of his Hillcrest home yesterday and police wish to question his gardener.

They suspect that Mr. Christopher, Charles Duffield of 47 Hilltop Road had been bludgeoned with a blunt instrument.

They want to question a gardener, known in the area only as Victor, who had worked for Mr. Duffield and is thought to have been the last person to have seen him alive.

Mr. Duffield's body was found lying in a pool of blood in a hallway between the lounge and the passage of the

Mr. Duffield, who

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# Rumors rand

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## Jockey barred for two weeks

By Richard McMillan  
APPRENTICE jockey Matthys Odendaal, who won the trainer's title for David Payne when he rode First Base to victory in the Stewards Cup at Greyville yesterday, faces a two-week suspension for his riding in the race.

The R21 000 winning stake was sufficient to give Payne the edge over his rival, Terrance Millard.

Odendaal was drawn on the outside on First Base and shortly after the start moved his horse across too sharply to get a better position, causing interference to Harry Flasher, Fine Edge and Landed Gentry.

Meanwhile jockey Jeff Lloyd, on the stable companion On Stage, was carrying out the stable plan to win race and trainer's title by pressuring the favourite, The Barbican, and literally running him into the ground.

As these two fought it out at the head of the field, Odendaal settled First Base in as had been planned and sat back until the straight when he brought the colt through to take over the lead and win comfortably.

After the race the stewards held an inquiry into Odendaal's riding of First Base and he was recommended for a two-week suspension. He has the right to appeal.

● See also Page 12

RUMOURS of a possible withdrawal from South Africa of Chase Manhattan Bank, and a reintroduction of the financial rand, sent the rand plunging more than 5 c against the dollar — equivalent to a devaluation of more than 10 percent — in a matter of hours yesterday.

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### Firmer

The day's trading ended on a relatively steady note, but not before the rand slumped more than 5c rapidly to 43,50/65 in a hectic and disorderly early trading from Monday's 48,55/65 close, dealers said.

This was after the rand had opened firmer at 49,20/30 on the stronger gold price and weaker dollar.

The Chase spokesman noted that in 1977 Chase became the first major U S bank to stop making loans to the South African Government and parastatal institutions.

Some of the larger importers, obviously con-

### Finance Reporter

cerned over yesterday's development, also entered the markets causing over-reaction.

The volatility could have been further exacerbated by the repatriation of share sale proceeds from earlier disinvestments by foreigners this week.

Mr Andre du Plessis, investment manager of Syfrets Natal, said yesterday's hectic trading was extremely worrying and could force South African companies to shift overseas borrowing to local sources, putting upward pressure on money market rates as well as the gilt market.

## Children can buy lethal weapons

### Mercury Reporter

POTENTIALLY lethal martial arts weapons are on sale in Durban and even children can buy them.

But according to Mr. Bob Davies, owner of a city shop which stocks the imported martial arts products, most of the weapons were lethal only when used by experts — and the experts would never use them on any-

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# Rumours Plunges Rand 5 Cents

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They want to question a gardener, known in the area only as Victor, who had worked for Mr Duffield and is thought to have been the last person to have seen him alive.

Mr Duffield's body was found lying in a pool of blood in a hallway between the lounge and the passage.

said last night he and his wife had been terribly shocked by the killing.

He said his father-in-law's dogs, a doberman and a Labrador, had been in the garden at the time of the attack and would not have been able to come to Mr Duffield's assistance.

The police investigation is being led by Lt Eric Moolman of the Durban Murder and Robbery Squad.

Mr Duffield, who was 74, died of his injuries.



# Rumour rand

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# Ciskei welcomes visiting American businessmen

**Dispatch Reporter**  
BISHO — Seven American businessmen are on a three-day visit to Ciskei.

Yesterday they were welcomed by the Minister of Public Works, Chief D. M. Jongilanga, on behalf of President Lennox Sebe, who was in Johannesburg.

Chief Jongilanga told the visitors that President Sebe had successfully evolved a dynamic, progressive economic policy. A policy that not only revived entrepreneurship, but was also poised to attract investors.

He said the abolition of company tax, a reduction in the level of direct taxation and land reforms had created an economic climate that would enable business-

men to take the necessary risk in order to create and develop business enterprises in Ciskei.

"Our President has transformed Ciskei into the Hong Kong of Southern Africa so that the investor and men of your calibre should be satisfactorily rewarded for the economic risks they are prepared to take," Chief Jongilanga said

"Job creation and the generation of economic growth are Dr Sebe's weapon against poverty and unemployment."

Chief Jongilanga said there was no wisdom in calling for disinvestment in Ciskei because after independence all discriminatory laws were abolished, apartheid was dismantled and the President ushered in free enter-

prise.

Ciskei was trying hard to change the atmosphere and environment to suit the business community, to create new conditions where men and women of independent spirit would find it worth their while to start and expand profitable enterprise.

Chief Jongilanga said the present outbreak of violence in Southern Africa was the direct result of the neglect of the fundamental needs of human beings which had accumulated for many years and had hardened the hearts of the youth as they saw nothing but a bleak future in Southern Africa.

He said Ciskei hoped that South Africa would accelerate reforms and completely dismantle apartheid.

# Bank ban on loans for S A companies

NEW YORK—Chase Manhattan Bank — the third largest in the U S, which on Wednesday denied a rumour that it would pull out of South Africa — yesterday announced it had barred new loans to companies and banks operating in the country.

The rumour was thought to have been primarily responsible for the rand plunging more than 5 c against the dollar.

Banking sources here said the Chase would not renew loans or lines of credit to companies operating in South Africa and would not advance additional funds under existing lines of credit.

Included in its ban are loans to South African

units of multi-nationals.

American newspapers reported yesterday that Chase Manhattan had about R888 million in loans outstanding to the private sector in South Africa, or 0.7 percent of the bank's total loan portfolio of about R135 billion at the end of June.

Citibank, which owns a banking subsidiary in South Africa, announced yesterday that it would continue lending to companies in South Africa.

A spokesman said: 'We believe our continued presence, along with other U S companies, provides a positive force for opposition to apartheid and for substantial assistance to black South Africans.' — (Sapa)

# Chase cuts off

# links with SA

NEW YORK (62)

Chase Manhattan, the third largest US bank, has decided to stop making loans to private borrowers in South Africa, banking sources in New York said last week.

The sources, who declined to be identified, said the step was apparently taken in response to the outcry in the United States and elsewhere over the recent declaration of a State of Emergency by the white minority government of South Africa.

"Some, if not all, private sector lines (of credit) will be allowed to run off and will not be renewed", one banking source said.

A Chase spokesman, Mr Steven Rautenberg, declined to comment on the bank's lending policies to private borrowers on the grounds of customer confidentiality.

Details of how much money Chase has lent to South African companies were unavailable but one published estimate was about R1.09 billion.



Earlier versions of the bills were passed overwhelmingly by the House of Representatives and the Senate but President Reagan has not said if he would sign the Bill into law.

A spokesman for Citicorp, whose Citibank subsidiary is the world's largest bank, said Citicorp will continue its South African banking operations.

"We believe that our continued presence, along with other US companies, provides a positive force for opposition to apartheid and for substantial assistance

to black South Africans", said the spokesman, Mr Wilfred Koplowitz.

But Mr Koplowitz said Citicorp had no outstanding loans to the government of South Africa and would not make any further loans until substantial progress was made in changing the apartheid system.

"Citicorp is deeply concerned about the recent declaration of a State of Emergency in South Africa, and we hope the South African authorities will end it as soon as possible", Mr Koplowitz said.

A spokesman for manufacturers Hanover Trust Co, the fourth largest US bank, outlined a similar policy to that of Citicorp.

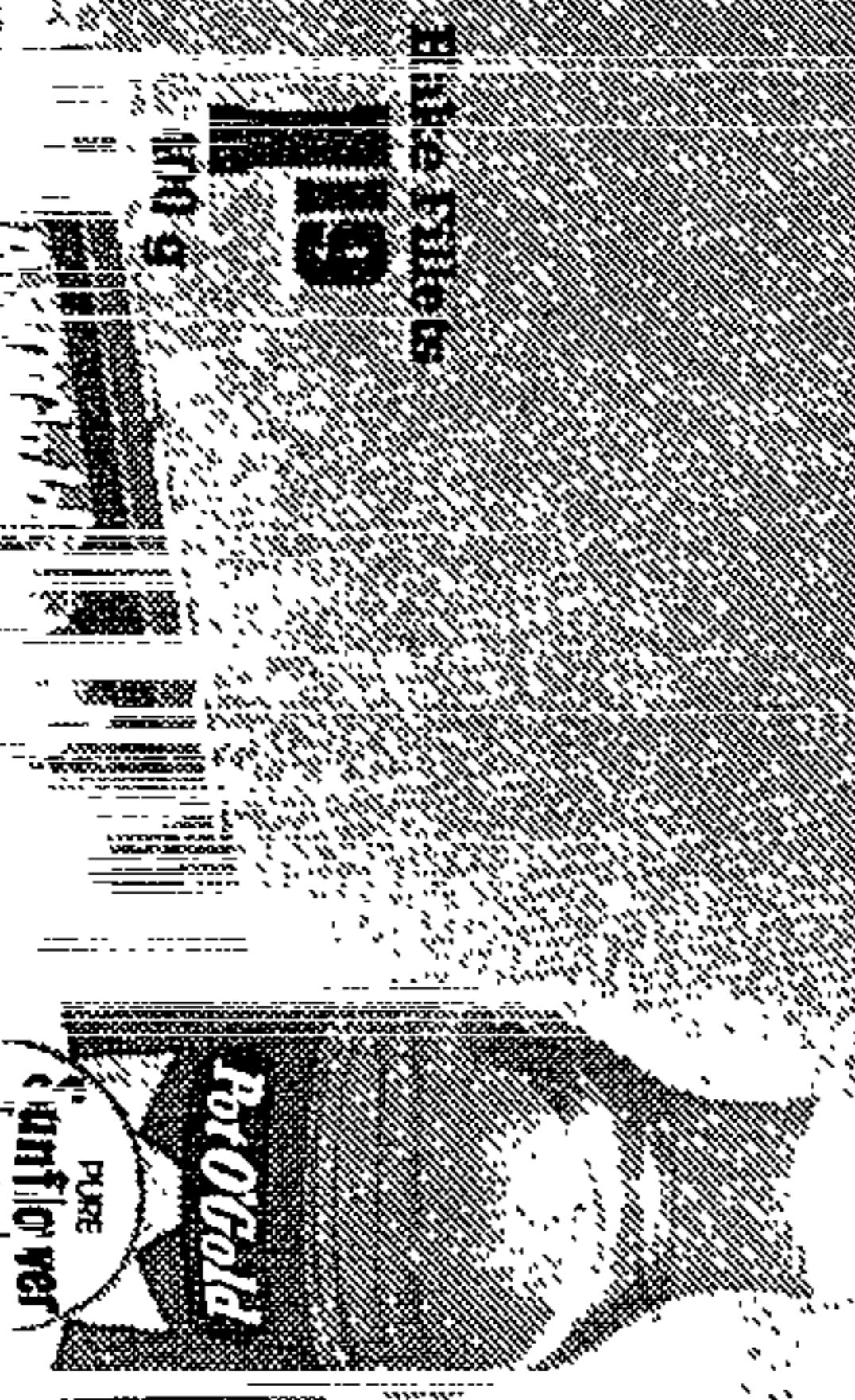
"Management considers only those projects deemed beneficial to the population of the country as a whole", said the spokesman, Mr John Myers—Sapa-Reuter.

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# Another blow to economy

NEW YORK — The first and only black owned investment banking firm on the New York Stock Exchange has begun to specialise in options for companies seeking to divest themselves of South African holdings.

Travers Bell, the chairman of Daniels and Bell says: "A portfolio can get equal or better return on assets without investing in South Africa."

The 44-year-old broker argues that it makes good business sense, specially for pension funds, to get rid of their South African holdings.

He cites declining profitability, possible consumer boycotts, getting a negative corporate image and political instability in South Africa as reasons for divestiture.

Bell's firm has provided economic research on options after divestiture for many companies already. Several states and municipalities including Connecticut, Wisconsin, Michigan and Washington DC have used his services.

Daniels and Bell was founded in 1971 and has a good reputation among traders for specialising in municipal finance, according to industry analysts.

Bell had been in the business for 10 years before he bought a seat on the stock exchange.

Accounts of capital out of

11/6/82 (62)

# US finance for R50-m resort plan in danger

Staff Reporter

PLANS for a R50-million luxury beach resort on the West Coast may have to be shelved because of political pressure on the American company which hopes to finance the development.

More than 113 hectares of prime beach site at Paternoster near Vredenburg has been approved for the development of a playground for the Asian and coloured communities.

Plans include a luxury hotel, equestrian centre, yachting marina, sectional title units, a golf course, group housing villages, chalets, a caravan park, youth centre and other sports facilities.

## DISINVESTMENT

Mr Eric Krohn, spokesman for the owners of the land, said an American company with holdings in South Africa was keen to finance the project and he was optimistic that it would go ahead if the company was not forced to withdraw from South Africa because of disinvestment pressure.

"Our plan is unique. There is nothing like it on the West Coast and amenities like this are desperately needed," he said.

The development has been approved in principle by the Director-General of Constitutional, Development and Planning, the West Coast Regional Development Association and local municipalities.

Chairman of the West Coast Regional Development Association Mr David Liebenberg said the development was sorely needed.

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# Computer giant Apple peels off from SA

62 S. Tring 4/18/87  
Sunday Times Reporters

APPLE, the world's second largest manufacturer of personal computers, is shutting down its operations in South Africa for political reasons.

However, competitors believe Apple is making a political virtue out of economic necessity — its sales have been sagging badly.

The company will suspend sales to this country on October 31.

American computer giant IBM said it had no intention of following Apple's lead.

"We are here and we are here to stay," said IBM's SA director of entry systems, Mr Brian Mehl.

IBM has poured R20-million into a five-year computer-based literacy programme in South Africa and is supporting black business enterprise to the tune of R10-million.

A company source said Apple had been considering its move for "a considerable time" but the final decision was hastened by the declaration of a state of emergency.

## Sagging

"Apple does not want to be seen to be in any way associated with what is presently happening in South Africa," a spokesman said.

Another spokesman said: "The sagging South African economy has made it easy for Apple to adopt a moral stance."

No decision had yet been made about supplies of spare parts, but an independent analyst said spares could be obtained from European or Far Eastern suppliers.

"Apple's decision was definitely political," said Mr John Floisand, managing director of Base 2, sole distributor in South Africa.

Plans are already in hand to accelerate the development of a South African personal computer.

Mr Floisand said the development period of 12 months could be halved and though lower production runs usually meant a higher unit price, this would be balanced by rand/dollar savings on using local content.

## Opportunism

## Opportunism

"This is a sad example of political opportunism at the expense of business ethics," he said.

He is trying to secure Apple products from other sources.

The chief executive of the Association of Chambers of Commerce, Dr Raymond Parsons, said the Apple pull-out would create opportunities for competitive American and Japanese companies — unless a local substitute was produced quickly.

"This unfortunate decision again demonstrates the futility of disinvestment," he said. "It would have made more social sense for Apple to announce a large new investment in facilities for black education."

The chief executive of the Federated Chambers of Industry, Dr Johan van Zyl, said Apple's move was "disconcerting".

(62) B. Day 5/8/85

## US disinvestment spurred by letter

PAUL BELL  
Political Correspondent

ONE of the primary spurs to the American disinvestment campaign, which could culminate next month in the signing of a compromise Congressional Bill, was a letter to former South African ambassador Brand Fourie signed by 35 Republican members of the House of Representatives.

This is the conclusion of Dr Bruce Rickerson, a political scientist who has specialised in Southern Africa and is now attached to the House committee on foreign affairs.

Rickerson, writing in the Rand Afrikaans University's latest American Review, says support for the anti-apartheid campaign — which intensified dramatically after President Ronald Reagan's re-election last November — was so great that no official of the Administration or Republican member of Congress felt politically safe enough to take the letter's signatories to task.

The letter was initiated by a House Republican coalition known as the Conservative Opportunity Society (COS), formed in recent years to counteract the Democratic leadership of the House.

Their action followed the visit by Bishop Desmond Tutu to the US, during which he became — according to Rickerson — "a cult figure" in the American electronic media.

Tutu, he says, was the catalyst in the creation of a new issue for black Americans, needed in the wake of the Rev Jesse Jackson's failure to make any real impact on the Democratic Presidential campaign or on the outcome of the election itself.

The Free South Africa movement was formed in November.

COS felt it was either necessary or profitable to ally itself to a degree with the forces advocating a shift in the US stance on South Africa, and to attack the Administration's policy of constructive engagement.

The letter, says Rickerson, sent to Fourie in early December, publicly questioned constructive engagement and undermined Congressional Republican support for Reagan's policy.



(61) (A) B. Day 6/8/85  
**Code on a floppy disc**

IT HAD to happen: computerisation of the Sullivan Code.

Now the 150-odd signatories to the Reverend Leon Sullivan's Fair Employment Code can record their social contributions on a floppy disc and send it as a complete annual report to the US monitoring company, Arthur D Little, say the creators of the concept, Zarab Software Applications.

Zarab, Cape Town-based arm of Britain's Complete Computer Group, say the database manage-

PETER HONEY

ment package is intended to streamline companies' progress reports and save on costly administration and auditing.

The system, known as Monitor, is geared to compiling reports on signatories' contributions towards the advancement of blacks in the fields of education, job training and advancement, improved medical care and housing.

# Disinvestment pressure mounts — Syfrets chief

THE pressure for disinvestment in South Africa is proving to be effective — in the past 10 weeks alone foreign investors pulled an estimated R365m out of the economy, the chief executive of Syfrets Trust, Mr Brian Robinson, warns.

He told the International Women's Club in Cape Town that about nine firms had already left South Africa this year and 30 had left between 1980 and 1984.

"In June this year foreigners disinvested at least a net R90m through the Johannesburg Stock Exchange.

"May disinvestment was R75m and last week alone it was estimated that foreigners were net sellers of equities to the tune of close to R100m and of gilts and semi-gilts to the tune of a further R100m."

Even a minor trade boycott of this country would prove damaging,

Mr Robinson said.

Although less than one percent of the total black workforce was employed directly by American corporations, a 20 percent effective trade boycott could prove disastrous for the South African worker.

"A 20 percent effective trade boycott could eliminate 150 000 white jobs and 500 000 black jobs and cost the country R1 000m in foreign exchange earnings.

"Workers have a vested interest in the maintenance of an efficient economy for they would not want to inherit a bankrupt country."

If the necessary level of investment and skills associated were not made available, Mr Robinson continued, industrial growth would decline, racial conflict would sharpen and the laager mentality would become stronger.

"Real earnings could stagnate and unemployment will increase," he cautioned.

He said that of the estimated \$14 billion United States investment in South Africa, \$2.3 billion

represented direct holdings, which was equivalent to 20 percent of all the foreign investment in this country.

However, United States influence was disproportionately strong in the oil, motor and computer industries.

The balance of the \$14 billion represented bank loans to local companies and shares purchased through the stock exchange.

Mr Robinson warned that, "firms are quietly reducing their South African ties by not increasing capital spending or employment; in effect pulling out through attrition."

Los Angeles  
is to divest <sup>62</sup>  
STAR 7/8/85  
The Star's Foreign  
News Service

LOS ANGELES — City councillors of Los Angeles voted unanimously yesterday to approve economic sanctions against South Africa.

The plan involves a five-year phasing out of pension fund investments in US companies that do business in South Africa.

The plan will also have the city withdraw its R3.3 billion of "idle" funds held in banks with South African links.

(62) (16)  
7/8/85 B. Dawy

# Pepsi pulls out of SA in 'restructuring' move

PEPSI-COLA said last night it had sold its interests in South Africa.

Keith Anderson, director of corporate communications at Pepsi Cola Corporation headquarters in Purchase, near New York, said the move was part of a major restructuring exercise announced in May 1984.

He said the company had sold its SA interests "in the last few months".

Anderson said the decision was part of a worldwide Pepsi decision to rebrandise its international beverage operations, placing them in the hands of local business people.

He insisted it did not reflect on South Africa nor its policies.

He added that Pepsi would not disappear from the shelves. It had rebrandised its bottling interests to local business people who would hold a Pepsi licence.

The international restructuring had affected virtually every one of Pepsi's major business lines, Anderson said, resulting in the sale of its transport sector

LAWRENCE BEDFORD

and sporting goods interest, Wilson said.

In the past, Pepsi International has had a combination of company-owned and franchise-run bottling operations in the 147 countries in which it operates.

"This year we have essentially completed the sale of our foreign operations.

In the near future, they will be 100% owned and operated by independent local business people. South Africa is one of the remaining countries where we have just converted, selling our organisation there within the past few months."

Besides SA, the move affects the Philippines, Mexico, Canada, Belgium and Brazil.

Anderson said the restructuring would reduce the company's exposure to currency fluctuations and asset pressure and that Pepsi's policy would be to rely on the knowledge of local business to which Pepsi had been rebrandised.

Thursday, August 8,

# Pepsico sale 'not linked to politics'

8/8/85  
Richard Walker

NEW YORK— Pepsico emphasises that the sale of its South African bottling operation was part of a global streamlining and 'nothing whatsoever' to do with politics.

The deal — with unidentified 'private interests' — would have no impact on the public or the Pepsi Cola that South Africans drink, the company insisted.

It declined to put a figure on the deal or to identify the purchasers, except to deny that it was SA Breweries, which controls Coca-Cola in South Africa.

The restructuring began in May 1984 and the South African sale leaves only one major bottling operation — Japan — to be disposed of, according to a spokesman at Pepsi's world headquarters.

AT Top 8/8/85 (62)

# US firms reviewing SA links

By ROGER WILLIAMS  
Chief Reporter

A NUMBER of international companies have been named in a New York survey as reviewing their links with South Africa or as having already decided to curtail their operations in this country.

But the survey shows that so far, few firms have decided to pull out completely.

At least one major company, Hewlett-Packard, a world leader in computers and calculators, has resolved to stay in South Africa after looking at its position here under pressures from the disinvestment movement.

But a number of others that have been named are still undecided on their future relations with this country.

## Position still not clear

Among those whose position is still not clear is the vast Revlon organization, and a spokesman for the subsidiary company Berk Pharmaceuticals said from Johannesburg yesterday that the firm's manager, Mr John Muller, was in New York for talks about Revlon's future here.

Another US company with international interests, American Cyanamid, which produces chemicals, has sent a vice-president to South Africa to review the situation here.

The Pepsi-Cola Corporation announced this week that it had sold its interests in South Africa, but it made it clear that this was part of a major restructuring exercise announced in May last year. A company spokesman has insisted that this move in no way reflects on South Africa or its policies.

International Harvester is another major international company that has pulled out of South Africa, but here too there is insistence that this has nothing to do with politics. The reason given for the firm's withdrawal was that it is cutting back on its agricultural marketing production.

Apple, the world's second-largest manufacturer of personal computers, is shutting down its operations in this country, and though this is ostensibly for political reasons, competing companies believe Apple is making a political virtue out of economic necessity, as its sales have recently sagged badly.

## No intention of following lead

The American-based computer giant IBM has said it has no intention of following Apple's lead.

Two major international airlines, Pan American World Airways (Panam) and Scandinavian Airlines (SAS), have announced they are pulling out of South Africa.

Panam, the only American airline serving South Africa, is known to be in financial trouble and a spokesman has declined to say whether its withdrawal is connected with disinvestment pressures.

It has been said on behalf of SAS, however, that its move is politically motivated and "is part of the efforts to further isolate South Africa and increase international pressure on its government".

Companies cited in the New York survey as having curtailed their operations in South Africa include Bluebell Inc (clothing), Perkins Eina (machinery) and the Singer Corporation, manufacturers of sewing machines.

## Put its stake on the market

The American mining group Phelps Dodge has reportedly put its 44.6 percent stake in the giant South African base metals producer Black Mountain on the market for about R150 million.

Rumours that the big international banks Chase Manhattan and Citibank (the world's largest) were about to close their offices in South Africa have been denied, but a number of other US banks have said they are closely following political developments in this country. Banks such as Bankamerica Corporation, J P Morgan and Company Inc, Manufacturers Hanover Corp, First Interstate Bancorp and Crocker National Corporation have reaffirmed their policy of not lending money to the South African Government or its agencies.

Los Angeles, meanwhile, the US's second-largest city, has approved a five-year plan to phase out investment of some R8 billion in pension funds in firms doing business with South Africa, UPI reports.

Under the plan, the city will start its phase-out by divesting stock in firms that supply military goods to the country the first year. The plan ends with a total withdrawal of all investments four years later and includes withdrawal of funds from banks that sell Krugerrands.

# US currency dealer halts sales of Krugerrand

NEW YORK — One of the largest foreign currency dealers in the United States said today it had suspended sales of South African Krugerrand gold coins in this country.

Leslie Deak, president of currency dealer Deak-Perera Inc., said in a statement: "We have decided to suspend the sale of Krugerrands pending the resolution of proposals currently before Congress to restrict the importation of the Krugerrand."

"The company, however, will continue to buy back Krugerrands from investors for export and sale to wholesalers," he added. "STAR 62"

Deak-Perera, which has about 50 offices in the United States, has been the target of anti-apartheid protests. 10/8/65

Recently, investor concerns over a possible ban on Krugerrand sales in the United States have made the South African coin cheaper than its Canadian maple leaf counterpart.

US sales are believed to account for about half of all sales of Krugerrands — a major factor in South Africa's balance of trade. — Reuter.

# UN staff pension fund divests

NEW YORK — The United Nations staff pension fund, with investments worth more than \$4 billion, has sold off all its holdings in companies doing business in South Africa, according to a UN spokesman. (02)

"The pension fund has no remaining investments in companies with operations in South Africa," he said. STAR

Divestiture was well under way before the current state of emergency. The process received an added boost when a Nigerian reporter raised the issue at a news conference in June with the Secretary-General, Mr Javier Perez de Cuellar.

In July, at the initiative of France, the Security Council urged UN member states to halt new investments in South Africa.

Last May about \$250 million, representing some six percent of the pension fund, was invested in 30 firms doing business in South Africa. 14/8/85

By last week, before the final sell-off, this had been reduced to less than \$100 million, in 14 companies.

The UN spokesman did not identify the firms, which are thought to be based mainly in the United States and Western Europe. — Reuter.



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FEATURE

# The cost of disinvestment

Suzanne Harvey of Prudential-Bache Securities in New York analyses the high cost to state and city pension funds of mandatory disinvestment in securities of companies doing business in SA.

The rapid escalation of violence in SA, and that the government's declaration of a State of Emergency, has clearly increased the odds in favour of passage of federal anti-apartheid legislation, as well as Bills in many state legislatures mandating disinvestment by state pension funds in firms that do business in SA.

Federal legislation restricting trades with SA would be symbolically important, but the disinvestment legislation pending in the states would have the real impact on investment policy. Seven states already have passed forms of divestiture legislation: Connecticut, Iowa, Maryland, Massachusetts, Michigan, Nebraska, and Wisconsin. Serious legislative efforts are proceeding in 28 others.

The full implications of these various state legislative efforts are not known, but several states have done extensive analyses of how much disinvestment legislation would cost their pension funds, and have come to some rather startling and surprisingly detailed conclusions.

The state of Wisconsin, for example, committed to get out of SA-linked corporations within three years, maintains that such a Bill would "result in a one-time cost of over

\$24m due to additional brokerage fees and price discounts associated with divestiture."

In addition, the state says that there would be a recurring annual cost of over \$50m, due primarily to reduced opportunities for investment selection. The state further maintains that this would grow at 10% a year.

The impact of this reduction in investment earnings would be a \$40m increase in state and local contributions to the retirement fund each year thereafter, the state says. In addition, benefits to pensioners would be reduced by about \$10m each year, or approximately \$165 a person a year.

A further effect of the Bill, according to the state, would be to prohibit investments in at least the following Wisconsin firms:

Allen Bradley (Rockwell International Corp. subsidiary), Allis-Chalmers, Applied Power Inc, Becor Western, J I Case (Tenneco subsidiary), Deere & Co, General Electric, General Motors, General Telephone Co of Wisconsin (GTE subsidiary), Harnischfeger Corp, IBM, Johnson Controls Inc, Kimberly-Clark Corp, The Parker Pen Co, Rexnord Inc Trane Co (American Standard Subsidiary), Twin Disk Inc.

Among other things, the state made the following assumptions in its analysis:

- The amount of risk accepted in the funds managed by the Investment Board would be unchanged;
- The universe of stocks in which the board could invest would be narrowed. To ensure that no additional risks were accepted in the

portfolios would necessitate that a high percentage of the portfolio be held in cash equivalents (that is, US government bills/bonds). The portion of the divested funds reinvested in stock would be invested in other qualifying large companies or in smaller company stocks which typically have a higher return and higher risk than is now true;

The universe of private placements would be narrowed. Maintaining the same level of risk and quality in the portfolio would necessitate allocating the funds resulting from divestiture between other qualifying companies and medium-term US Government bonds; and

For each asset class, the following reduction in expected rate of return would result. (This reduction uses the State of Wisconsin's expected annual rate of return as their reference point).

Asset Class	Reduction In Expected Annual Rate of Return
Common Stocks .....	2,8%
Public Bonds .....	1,1%
Private Debt .....	0,2%
Mortgage and Real Estate ..	—

The expected ongoing loss associated with reinvesting in a restricted universe of assets is therefore:

Continued on page 71

62

	\$ Assets Divested	\$ Reduction in Returns	Reduction in Annual Earnings
Common Stocks .....	\$1 561 082 000	2,8%	\$43 710 000
Public Bonds .....	273 762 813	1,1%	3 011 000
Private Debt .....	252 276 461	0,2%	505 000
Mortgage-Real Estate .....	1 821 880	—	—
Ongoing Increased Transaction Costs for Stocks: ..			3 840 000
			<b>\$51 066 000*</b>

\* As the increases in size, it would be likely that the dollar value of assets diverted from the current investment programme, to the alternative outlined in this fiscal note will increase. This means that the reduction in annual earnings would also increase each year. The rate of increase is estimated to be about 10% per annum.

In addition, the state concluded that three additional stock analysts would be required because the 65 companies that would be eliminated from the portfolio would be replaced by a large number of smaller firms that would need to be followed. This, the state said, would cost \$104 201.

And finally, due to the increased volume of transactions, the state would have to hire one new trader for \$37 488.

Pennsylvania also looked into the practical implications of divestiture and concluded that "securities eliminated from a large pension fund's portfolio as a result of South African divestment represent a large portion of the available investments. Many of the blue chip investments would be eliminated. This includes 31 of the largest 50 companies in the US."

In putting together a position paper on state House and Senate divestment Bills, the Commonwealth of Pennsylvania Public School Employees' Retirement System (SERS) used data presented in a study done by Wiltshire Associates.

According to the Wiltshire study, the list of prohibited companies would include 229 firms in the Standard & Poor's 500 whose market capitalisation is equal to 50,2% of the total market value of that index. Furthermore, the study continues, the prohibited stocks make up 34,7% of the total market value of the entire equity market. The average market capitalisation of companies in which investment would be prohibited is \$2,6 billion.

The average capitalisation of the remaining companies is only \$238m — roughly one tenth the size of the average prohibited company.

The study further states:  
"In terms of portfolio diversification, SERS has attempted to construct a highly diversified set of portfolios. Reducing available equity instruments by one third, and removing from eligibility a large portion of key industries, will reduce SERS ability to diversify. This is especially true given the relatively limited trading liquidity of the authorised stocks compared to the proposed prohibited stocks.

"Transaction costs and fees would be greatly increased and investment flexibility would be affected. However, because a smaller percent of the bond portfolio is invested in prohibited securities, bond management would be less affected.

"Assuming a 10% annual growth in

SERS' assets, even a one percentage point decline in total portfolio returns would cost almost \$1 billion over a ten-year period; \$5 billion over a twenty-year period; \$18 billion over a 30-year period; and almost \$60 billion over a 40-year period... Considering the fact that the actual rate of return for SERS assets was 13,7% in 1983 and 27,9% in 1982, in conjunction with the fact that a several-point decline in annual growth would most likely result from a SA disinvestment legislation, the Commonwealth's taxpayers will have a very real and serious burden... Because retirement benefits are fixed by contractual law, if investment returns fall and/or expenses rise, then contributions must be increased, and the taxpayers suffer."

As to the scope of the investment restriction that would be placed on the SERS by a South African-free portfolio, the study states that "if every US company that does business in SA is excluded from the SERS' portfolio, those excluded would be:

"One hundred percent of multinational oil companies, 100% of drug companies, 87% of chemical companies, 82% of automobile companies, 81% of aerospace companies, 73% of banks, 67% of machinery companies, 62% of electronics companies.

"A SA-free portfolio also prevents investment in many firms that employ tens of thousands of Pennsylvania citizens," the study continues.

"The hard-dollar value of those SERS investments that would be subject to divestiture with the passage of SA disinvestment legislation totals \$906,7m, or 21% of the market value of the SERS Fund."

"Certain circumstances surrounding this figure should be noted," the study says. These include that:

- \$542,2m of that figure are in equities, and that represents 42,5% of SERS present equity position;
- The debt-equity ratio of the SERS Fund is presently out of balance due to several factors, such as the recent dissolution of the \$800m Mellon equity portfolio in the first two quarters of 1984; and
- The fund's present cash position managed by Treasury is \$1 636m or 37,8% of the total SERS Fund at present. If you excluded this cash position from the calculation, you would therefore be talking about a divestiture that actually eliminated 33,7% of the market value of SERS fixed income and equity portfolios." ■

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# Sullivan principles may be applied to more firms in S A

Mercury Correspondent

MERCURY

NEW YORK — The Sullivan principles may be expanded to embrace the thousands of American companies that serve South Africa without having a subsidiary or any employees there, their creator suggests.

Such companies could specify in contracts with South African companies that the South African firm must abide by the principles' equality code, says Rev Leon Sullivan.

Mr Sullivan is suggesting that such companies could subscribe to the

part of the principles that calls upon them to lobby for change.

The suggestion comes as proponents of South African disinvestment begin to focus beyond the 350 U S companies with South African operations to the 6 000 or more with export, import, licensing or minority shareholding ties to the country.

## Shares

Recently, the University of Massachusetts sold R82 000 worth of shares in the Foxboro company, which does not operate in South Africa, but which supplies technology there.

Foxboro is one of the first such company targeted in this way.

'We have no facility, no employees, no office in South Africa,' complained a Foxboro spokesman.

Major companies with minority shareholdings in South Africa that have come under increased pressure include Newmont Mining and Kimberly-Clark, the paper group.

So is Ford, which this year reduced its stake from a majority ownership.

'We haven't signed the Sullivan principles because it would be tokenism — we're not in a position to mandate their use,' said Kimberly-Clark vice-president William Wicks.

# Michigan plans to disinvest

16.8/85 62  
LANSING (Michigan) — Michigan will withdraw its financial support for South Africa and begin disinvesting more than R4.4 billion in investments to protest against apartheid, Governor James Blanchard said yesterday. **STAR**

Mr Blanchard announced a plan for withdrawal which included refusing to buy goods or services from South Africa or any firm doing business in the country.

The governor also called for legislation to phase out over R6 billion worth of state pension fund investments in firms doing business there.

Mr Blanchard, a Democrat, said he would appoint a commission to carry out the policies and ask it to report the best method within 30 days.

He said the state would cease to do business after a reasonable notice period with any financial institution that sells or buys Krugerrands. — Sapa-Associated Press.

# sunrise business

# The Yanks are staying

By Stan Kennedy

As long as US firms can get a good return on their capital investment in South Africa, they are likely to stay, no matter what happens.

With modern companies throughout the world realising that business nowadays has a social responsibility over and above just making profits, the American Chamber of Commerce in South Africa (Amcham) believes that the presence of US companies makes it advantageous for them to stay.

Mootas

been little sign of US companies pulling out of South Africa as a result of the disinvestment campaign.

"Some have sold off their interests because of economic reasons while others like Polaroid and Apple say they disinvested for political reasons. But neither of them had any direct investment here and their products will still be available," he says.

"I think we are likely to see more individual companies pulling out when they reach the stage when their operations are not economically justified.

## A force for good

"But we are certainly not finding that a large number are pulling out because of political pressure."

"At a meeting with Congressman Steven Solarz last week, he made no suggestion that US companies pull out. He is, thank fully, beginning to agree with us that, in fact, the American corporations are a force for some good.

"This is a radical swing in the approach he took when we saw him two years ago."

Unfortunately, there is the possibility that some companies may go if the Sullivan code of employment practices becomes US law, as this would involve them in extra costs which they could not absorb.

Mr Lubke admits this is a danger and is of great concern to the chamber.

"The Senate Bill will make it mandatory on US companies doing business in South Africa to abide by the code.

"We may find some companies considering pulling out because of what we call, 'the hassle factor'."

Indications are that many of Amcham's members find that South Africa is still a good investment area, although this fact is not publicised.

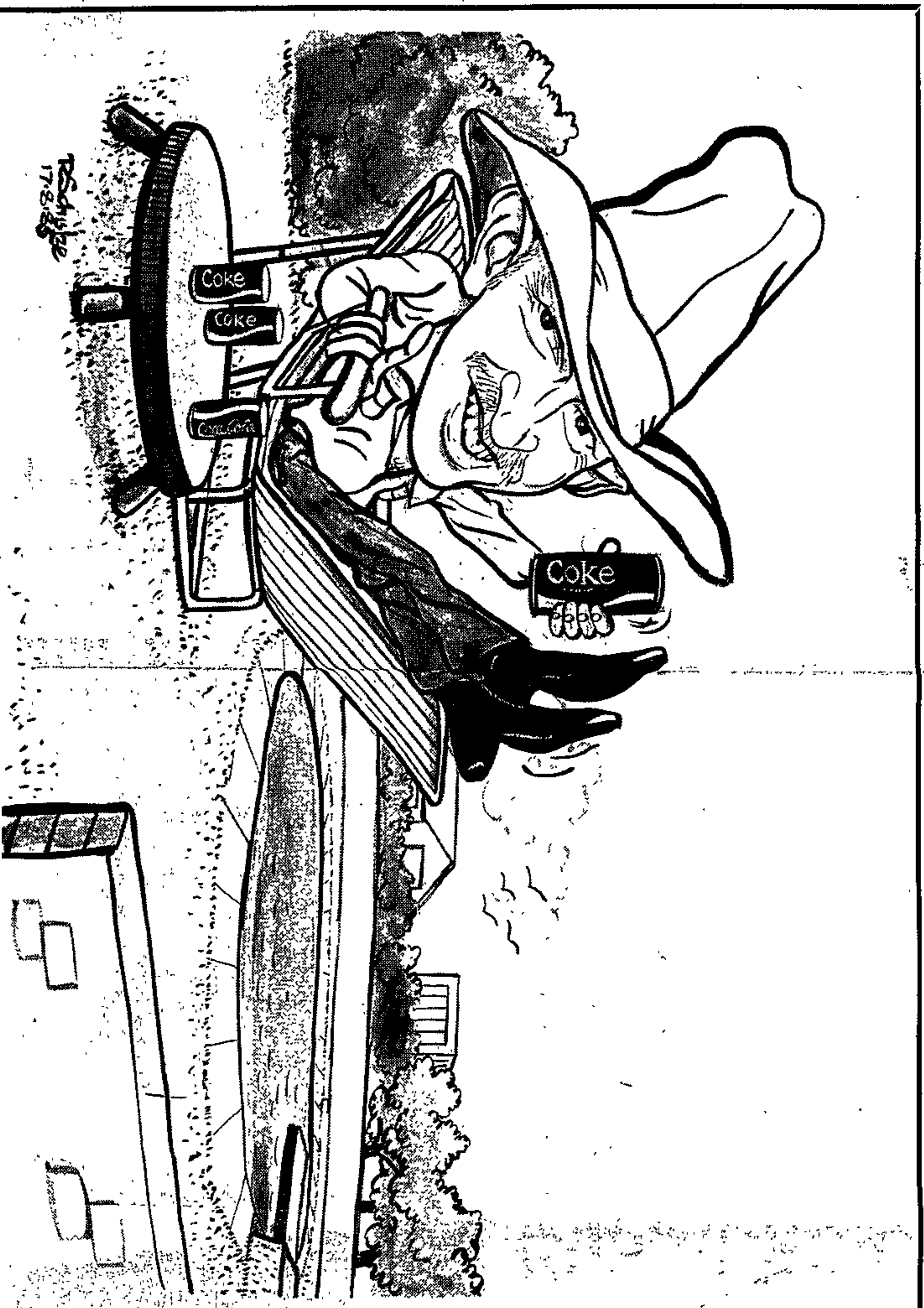
The majority of them do not report their results as they are either wholly- or partly-owned and their results are consolidated into those of the parent company.

However, despite Amcham's optimistic viewpoints on disinvestment, it seems it has adopted a non-aggressive approach and a passive neutrality on the subject.

It tends to steer clear of any controversy and makes no statement for or against disinvestment.

"We took a decision last year that we would not fight the disinvestment campaign directly from South Africa because it was an internal political issue in the US. We felt that our head offices were far better equipped to do the lobbying."

"Instead, we will lobby the SA government on social reforms



There's more to life than disinvestment

we feel are necessary.

At the same time, we will do our bit to improve the lot of our employees and the black community as a whole.

"This we have already done in various ways. A large proportion of our members are Sullivan signatories and through the

Sullivan programme we spend a considerable amount of money, time and management effort on the campaign."

On the suggestion that Amcham may be "got at" by supporters of the disinvestment campaign, he says: "We are an autonomous body

and are not dictated to by the US administration.

"We keep close contact with it and other organisations in South Africa. We take orders from no one, not even the Rev Sullivan."

Amcham has 300 members, 180 of which are US companies doing business in South Africa

and the balance made up of SA companies doing business with these US companies or business within the US — it is small by comparison with other commercial and industrial bodies.

● Mr Lubke is managing director of a US pharmaceutical company in this country.

**New Jersey** (62)  
**disinvestment**

TRENTON (New Jersey)  
Governor Thomas  
Kean yesterday said he  
would sign legislation re-  
quiring New Jersey to  
end about R4.8 billion in  
pension fund investments  
in US companies with  
ties to South Africa.

21 8 85  
We can no longer  
stand by and watch while  
a system based on racism  
attempts to subjugate an  
entire people," Mr. Kean  
told a news conference.

"The time has come for  
action to end apartheid  
once and for all."

He added that the state  
would modify investment  
policies in South Africa  
based on future actions  
by Pretoria. —Sapa AP.

# BBDO subsidiary bought by SA execs

(62)  
B. Day  
21/8/85

BBDO International, the world's sixth biggest advertising agency, has sold off its 75% stake in BBDO South Africa (this country's biggest agency) to the local shareholders for an undisclosed price.

Chairman Derrick Dissel said the move came in response to pressure from the local shareholders, who are executives of the agency.

"This means we are able to offer shares to executives further down the line," he said.

Dissel said he did not believe the international agency was disinvesting for political reasons. "The decline in the value of the rand has made South Africa a much less

Business Day Reporter

attractive investment area," he said.

The new name of the holding company is DTSTV, after the partners — Dissel, Alan Tiley, Ian Shepherd, Graham Tomes and Pierre Venter. The advertising agency will be known as Venture/BBDO.

Operationally, Dissel said, the link with BBDO International will remain, and the international agency will continue to provide back-up and support.

BBDO South Africa billed R115m last year.

# US companies <sup>62</sup> already reducing activities in SA <sup>22/8/85</sup> STAR

By Robert Trautman  
WASHINGTON — US companies are already reducing their activities in South Africa in anticipation of a law imposing sanctions, according to anti-apartheid campaigners and businessmen.

They say US loans and investment in SA have fallen and will probably decline further.

"The threat of sanctions is having a chilling effect on business in South Africa," said Mr Timothy Smith, executive director of the Interfaith Centre for Corporate Responsibility, a religious group opposed to economic links with SA.

Mr Fred Stokeld, an investment specialist with the US Chamber of Commerce, said: "It would be hard to justify to a board of directors any new investment in South Africa."

The House of Representatives passed a sanctions bill on August 1 to persuade Pretoria to end its policy of race segregation. It is almost certain to receive Senate approval next month.

## 'THE BEST THING'

President P W Botha's speech last week, perceived as uncompromising, has put pressure on President Reagan to sign sanctions legislation.

Mr Dumisani Kumalo, project director of the anti-apartheid American Committee on Africa, said Mr Botha's speech was a boon for sanctions supporters.

"Botha made President Reagan look like a fool for having supported him all this time," he told Reuters. "This is the best thing Botha could have done for us."

The bill would ban new investment after a year unless there was significant progress towards ending segregation.

It would immediately stop the import of Kruggerands, one of the Pretoria government's main sources of foreign exchange.

The bill would also prohibit US bank loans to the South African Government and restrict the sale of US nuclear equipment and computers.

## ONUS ON SA

Mr Kumalo said the House measures were weaker than sanction advocates had hoped but were still positive action.

Mr Stokeld said they were less objectionable to the Chamber of Commerce than the original proposal to ban investment immediately. "It puts the onus on South Africa, to give it one last chance to change."

Mr Smith said: "There is virtually no major US bank now lending to the South African Government, and there are an increasing number that are not lending to businesses there either."

Several US firms, including General Motors and Kodak, had said they would not expand their South African operations, and others had said nothing but were taking similar action, he said.

Sanctions opponents including the Chamber of Commerce, said that even without an immediate ban on investment many businesses were already reducing their activities in South Africa.

Ms Meg Voorhes of the Investor Responsibility Research Centre, which reviews companies' social and political policies, said US investment had dropped in the past few years, partly because of the threat of sanctions.

"More firms have been pulling out than have been expanding their operations or setting up business." — Reuter.



Anti-apartheid campaigners confident

(62) B. Day

# Chilling effect claim for sanctions threat

22/8/85

WASHINGTON. — United States companies were already reducing their activities in South Africa in anticipation of a law imposing sanctions, anti-apartheid campaigners and businessmen said.

They add that US loans and investment in SA had fallen and would probably decline further.

"The threat of sanctions is having a chilling effect on business in South Africa," said Timothy Smith, executive director of the Interfaith Centre for Corpor-

ate Responsibility, a religious group opposed to economic links with SA.

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The House of Representatives passed a sanctions Bill on August 1 to persuade the Pretoria government to end apartheid. It is almost certain to receive Senate approval next month.

An uncompromising speech last week by the South African

State President, P W Botha, has put pressure on President Ronald Reagan to sign sanctions legislation.

Reagan opposes sanctions and favours constructive engagement.

Dumisani Kumalo, project director of the anti-apartheid American Committee on Africa, said Botha's speech was a boon for sanctions supporters.

"Botha made President Reagan look like a fool for having supported him all this time," he said. — Sapa-Reuter.

# R4,2 billion disinvestment move in U S

22/8/85  
Mercury  
62

**NEW YORK**—In one of the first major moves in the disinvestment campaign following President Botha's speech last Thursday, the Republican Governor of the State of New Jersey says he will sign legislation to withdraw about R4,2 billion in State investments from companies doing business in South Africa.

Previously it was thought that Governor Thomas Kean, a strong supporter of President Reagan, would veto the Bill.

The divestment will take place over the next three years and could cost New Jersey State pension funds as much as R42 million.

Governor Kean said he had considered a conditional veto of the legislation, but had decided to sign the Bill after President Botha's speech last week.

'We can no longer stand by and watch while a system predicated on racism attempts to subjugate an entire people.'

'The time has come for action to change — and to end, once and for all — the oppressive system of apartheid.'

New Jersey's pension system, with investments of more than R42 billion, covers 360 000 workers and pensioners. Governor Kean said union leaders representing teachers, police officers and other public employees covered by the system supported the disinvestment Bill.

It is pointed out, however, that the governor faces re-

election next year and New Jersey has a substantial black community.

The New Jersey Division of Investment recently listed the following 58 companies as those that would be affected by the disinvestment of State funds in companies doing business in South Africa:

Abbott Laboratories, American Cynamid, American Home Prod, American International, Armco, Borden, Bristol Myers, CBS Inc, CPC International, Carnation, Caterpillar Tractor, Chevron Corp, Citicorp, Coca-cola, Cooper Industries, Cummins Engine, Dart and Kraft, Deere Co, Dow Chemical, Dupont, Eastman Kodak, Easton Corp, Exxon, FMC Corp, Firestone Tire, Ford Motor, General Electric, General Motors, Gillette, Goodyear Tyre, Hewlett-Packard, Honeywell, Ingersoll-Rand, IBM, International Minerals, Johnson and Johnson, Lilly, Martin Marietta, Merck, McGraw-Hill, Minnesota Mining, Mobil, Monsanto, Motorola, NCR Corp, Pennwalt, Pepsico, Pfizer, Phillips Petroleum.

## Local management

R J Reynolds, Smith Klein Beckman, Standard Oil (Ohio), Tenneco, Texaco, Upjohn, Warner-Lambert, Westinghouse, Xerox.

Meanwhile, the fall-out from the unrest in South Africa was yesterday reported to be affecting Madison Avenue, centre of the world's advertising business.

BBDO International Inc, the world's fifth-largest advertising agency, yesterday said it had sold its South African operation to local management. The terms of the sale were not disclosed. — (Sapa)

# US companies reducing trade

WASHINGTON — United States companies are already reducing their activities in South Africa in anticipation of a law imposing sanctions, anti-apartheid campaigners and businessmen say.

They say US loans and investment in the white-ruled Republic have fallen and will probably decline further.

"The threat of sanctions is having a chilling effect on business in South Africa," said Mr Timothy Smith, executive director of the Interfaith Centre for Corporate Responsibility, a religious group opposed to economic links with South Africa.

Mr Fred Stokeld, an

investment specialist with the US Chamber of Commerce, said: "It would be hard to justify to a board of directors any new investment in South Africa."

The House of Representatives passed a sanction Bill on August 1 to persuade the Pretoria Government to end its apartheid policy of racial segregation.

*Sowetan*  
It is almost certain to receive Senate approval next month.

22/8/85  
An uncompromising speech last week by the South African State President, Mr P.W. Botha, has put pressure on President Reagan to sign sanctions legislation. — Sapa-Reuters.

# United States cash pull out

## State of New Jersey calls back R4,8 billion

**SOWETAN Correspondent**

NEW Jersey state, in the United States, is to withdraw R4,8-billion in pension fund investments from companies doing business with and in South Africa.

The decision came after a meeting between the Governor, Thomas Kean, and a representative of the Pan Africanist Congress, a spokesman of the organisation

investment victory and the organisation would continue with other campaigns. With the ANC, the PAC are part of international pressures on South Africa to destroy the policy of apartheid.

Said Governor Kean: "We can no longer stand by and watch while a system predicated on racism attempts to subjugate an entire people

the time has come for action to change — and to end, once and for all — the oppressive system of apartheid."

Mr Kean said he would ask the legislature of the North-eastern US state to pass a measure giving him the authority to modify investment policies in South Africa based on future actions by that nation's government.

He also said he would direct the state treasurer to determine if New Jer-

sey buys products made or indirectly with South Africa. Existing investments there would gradually be sold off as long as alternative investments for the pension funds are found.

The legislation requires total divestment within three years. It instructs the treasurer to send the legislature a list of all investments affected by the measure and quarterly progress reports on divestiture.

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GOVERNMENT REVENUES

# An obscene tax haul

Treasury's revenues have gone berserk Inland Revenue's haul for July is up 58% on a year ago, piling money-supply figures, the inflation rate, borrowing rates, and even increases in government spending.

Revenue's July tax receipt increase compares with 29% in the first quarter on a year ago. The overall increase for the first four months of the fiscal year is 38,7%, well ahead of March's 19% budgeted estimate.

Should the 38,7% increase apply to the year as a whole, the actual haul will turn out R33 billion, R4,7 billion more than projected in March. This would cover the Budget deficit of around R3 billion with change to spare.

Government spending figures are also, however, well over the budgeted figures. Finance Minister Barend du Plessis forecast a spending rise of 15% in nominal terms this year, a nil increase in real terms. Spending increased by 20% in the first quarter, rising 38% in July, and 26% for the year as a whole

compared with a year ago.

The conclusion — preliminary, since only a third of the fiscal year has run its course — is that revenue and spending figures are so far from estimates that a statement to clarify matters should be expected. And certainly, the new revenue figures provide a powerful case for softening the tax burden.

Treasury officials are at pains — as they were when figures for the first quarter were released — to explain the welter of distorting factors behind collections and spending. Significantly, although Inland Revenue's haul for July is up 58% on a year ago, unpublished figures show no receipts from gold mines.

Gold tax payments — of which many are due this month — will be significantly bolstered by gold mine profits climbing on the weak and bearish rand, as well as the stable to bullish gold price. However, gst payments are certain to be smaller this month than in July, with the effect of last year's rate

change impacting on the year-to-year changes.

Treasury officials say July's personal tax receipts were in line with the budgeted increase of 19% for overall revenue receipts. The real surprise, say officials, is the sharp increase in non-mining corporate receipts.

Overall, these companies are making smaller profits than a year ago.

The first significant action in March 1984 was to abolish a massive scheme of tax warehousing known as taxbase trading. Inland Revenue's Carl Schweppenhauser says this avoidance scheme knocked R800m off non-mining corporate receipts compared to estimates in the 1983-84 tax year.

Further corporate crackdowns included scrapping of lifo stock valuation for tax purposes; rescheduling certain allowances for plant and machinery; slashed training allowances; stricter rules for property improvement schemes; and reduction of the manufacturer's allowance.

Government spokesmen are determined that government undertakings to maintain a firm hold on department spending will be honoured, and that the evidence of such discipline will become clear later in the year. If the average increase for the year turns out at the budgeted 15%, instead of nearer to July's actual 38%, deep tax cuts are on the cards.

For it seems certain that revenues will continue their blistering pace. The fat collection months, when gold mines pay, and consumers start their Christmas shopping, are yet to be accounted for. ■

## CITIBANK SITS TIGHT

Citibank is still the focus of local and overseas disinvestment speculation. According to some sources in London and New York, the bank is planning to close its local operations.

Spokesmen from the bank both locally and in the US, however, continue to dismiss the rumours as "absolute nonsense". As local vice-president Gerry van der Merwe says: "We believe we are a constructive force for change here, and deny emphatically that we are considering such a move."

Adds Citibank international affairs vice-president Wilfred Koplowitz: "We are extremely concerned about the situation in SA and we hope the State of Emergency will be lifted, but we will nevertheless continue to lend to the private sector."

Koplowitz says, however, that Citibank's lending to SA banks, which has always been a small part of its SA portfolio, is "going down in absolute and relative terms," but insists that the bank will continue to lend to private sector borrowers.

It is well known that the bank has 300 of SA's largest corporate clients with annual turnover generally of more than R20m. It has also been the blue-eyed boy of the Sullivan Code monitoring agency, Arthur Little. Almost 50% of its staff and 10% of its senior managers are black.

Citibank has, however, recently confirmed that it has liquidated its holdings of SA government and government-related securities.

The impetus for Citibank's portfolio shift, according to overseas sources, came from the recent passage of divestment Bills by New York's two largest pension funds, with combined assets of US\$16 billion. The Bills require the funds to divest any stock in companies that, among other things, hold SA securities. The pension funds have a large stake in Citicorp stock — currently just over 500 000 shares.

The City of New York comptroller's office has apparently been holding high level talks with Citicorp officials in recent weeks. The local office insists, however, the portfolio shift was a board decision taken in 1980 to run this portfolio down over time.

During these high level meetings with Citicorp, the bank gave no indication that it was planning a total withdrawal from SA and, in fact, to the contrary, gave every indication it will continue to make loans to the private sector and maintain its operations in SA.

The other source of direct pressure has come from New York mayor Ed Koch. He has threatened to withdraw all the city's business from Citicorp because of the SA connection.

## BANKING

### Fancy funding

In a break with past practice, Barclays Industrial Bank (Barnib) is to raise its own funds. This will enhance the bank's independence from its commercial banking parent.

Traditionally, Barnib has used Barclays funds for its financing operations, which include leasing, project finance, joint finance, factoring and property development.

Since its inception in 1972, Barnib has been highly successful within the Barclays group. Its assets rose to R943m at the end of 1984 from R10,6m in 1973. In the same period net profit reached R40m.

Says senior GM Johan Meiring: "We will now be able to raise cheaper funds and have a long-term funding source. Also, we will borrow a smaller amount from the commercial bank — up to now the amounts have been large because of our operational suc-

cess."

Another spin-off will be that Barnib's profits will be protected, says Meiring.

"What we are doing can be compared to taking forward cover. We will now be able to match our fixed rate lendings with fixed rate deposits. Our loans from the commercial bank, however, were predominantly short-term."

And the method of raising funds is a novel concept in the deposit marketplace. The scheme will offer a wide variety of interest rate combinations on fixed deposits at competitive rates over a one- to three-year period. The combinations, however, will be fixed from the date of investment. Although the minimum deposit is set as low as R5 000, Barnib is expecting deposits of R100 000 and upwards.

One attraction of the scheme is that it will enable investors to lock into rates set before this week's interest rate reductions. The product, called Fulcrum Deposit, will be launched later this week.

An innovative aspect of the scheme is that investors can determine at what stage they wish to receive the interest from their investment without having to tamper with the capital amount, says Barnib MD, Viv Bartlett.

It seems, however, that the appeal of the package also lies in its implications for tax. One of the few ways of shifting a tax liability from one year to the next is to defer interest payments. Investment income will be paid every six months and is also well-timed for provisional tax-payers. Investors who believe the marginal tax rate will fall, will also be attracted by the scheme.

Says Meiring: "Investors have had a limited choice in the market until now. This package goes some way to satisfying both the needs of the bank and our customers."

For example, an investor wanting to invest R40 000 for 36 months, and who requires a sizeable cash inflow at the end of year one, can specify that the interest of R15 200 (at an effective rate of 38%) be paid at the end of the first year, without depleting the capital amount.

Should the investor wish to have his interest payment deferred until the end of year three, he will receive an effective rate of 50% for the third year. ■

## SASRIA

### Righting the rates

High risk political targets are bleeding the reserves of the South African Special Risks Insurance Association (Sasria).

Between September last year, when violence flared in the Vaal Triangle, and the end of July, "paid and outstanding claims" totalled R35m, according to Sasria MD Rodney Schneeberger. This amount included more than 2 500 motor claims and nearly 800 claims on fire coupons.

The cost of the arson, looting and mayhem

## FM INVESTMENT CONFERENCE

With 1986 likely to be a watershed year for SA, local eyes are already firmly fixed on international economic trends and their implications for business back home.

There are few with a better view of the worldwide picture than Rimmer de Vries, senior vice-president of New York-based Morgan Guaranty Trust Company, who will be one of the visiting team of speakers at the *FM's Investment in 1986* conference on November 14 and 15.

To be held at Johannesburg's Carlton Hotel, the conference will cover major investment topics from monetary policy and interest rates to gold and the outlook for industrials.

De Vries will bring with him a wealth of experience of the international economic scene. No stranger to SA (he addressed the conference two years ago), he is Morgan Guaranty's chief international economist and editor of its publication *World Financial Markets*.

He has served on President Reagan's Commission on Industrial Competitiveness and is a member of the Economic Advisory Board of the US Department of Commerce. In 1980 he was a member of Reagan's economic task force in the run-up to the presidential election.

And the list goes on: he is a member of *Time* magazine's board of economists;

the Conference of Business Economists; the Council on Foreign Relations; and the Advisory Committee of the Institute for International Economics.

He is also a director of the Institute for International Development and trustee and treasurer of the New Jersey Conservation Foundation.

Add to that his academic qualifications which include a BS from the Netherlands School of Economics and an MA and PhD from Ohio State University and the credentials could hardly be bettered.

De Vries is thus expected to make a significant contribution to what is expected to be one of the best-ever *FM* investment conferences.

But demand for the limited number of seats continues to run high and early booking is recommended to avoid disappointment.

The contact is: Yvonne Courtney, *FM* Promotions Department, PO Box 9959, Johannesburg 2000. She can also be contacted by phoning (011) 710-2480 or by telexing (4-88921).



in Natal is still unknown.

"It's difficult to put a figure on it because our assessors cannot even get in there."

Almost all the claims in this period have come as a result of unrest in black areas — which has prompted renewed criticism of Sasria for its undifferentiated rating system.

Says Don Gallimore, chairman of the Sasria committee of the South African Insurance Brokers' Association (Saiba): "When Sasria was first formed in 1979, the rate for black townships was five times that for white areas. Current events suggest that some differentiation is now warranted."

Schneeberger disagrees. "The Sasria board is well aware of criticism levelled at us on this score but we review the situation daily and will only take action when we consider it necessary."

Support for the flat rate system comes from Santam's Cornelius Oosthuizen, chairman of the South African Insurance Association (SAIA).

"The main advantage of the system is that it is simple and easy to administer. The company is managed by SAIA on a nominal fee basis, with the result that Sasria has no staff and no overheads but that fee. The moment you go to a differentiated rating structure you need a staff of accountants, a computer, underwriters, claims clerks — and management expenses begin to escalate."

Says Gallimore: "It would be more expensive to administer and monitor only if they were looking at a sophisticated tariff, differentiating by industry and geographical areas.

"But, if they have identified the areas and types of property which generate the claims, then it would be simple to differentiate and rate accordingly."

Oosthuizen, however, sees six years as too short a time to establish a pattern of claims from particular sources. Moreover, he says, the differentiated scale used originally by Sasria was dropped in 1983 because of complaints that it was discriminatory. ■

## TAX REFORM

### What chances?

The Margo Commission on tax is calling for evidence on a reform package which will have more than a marginal chance of implementation. No doubt the foreign precedent — reports often become instant archives — is a good cause for wariness.

So far, no foreign report has been accepted and fully implemented. Some — such as the Meade Committee in Britain, which was not appointed by government — have been totally ignored. The Margo Commission may see

a similar tragedy for its package. It would appear that political and economic sense rarely coincide.

So it is hardly surprising the commission's 18 full-time and numerous part-time members welcome any information to help them promote their findings. Sceptics may say that with almost a year to go before it completes its report, the commission is facing the chicken-and-egg dilemma rather than tax reform *per se*.

In giving evidence to the commission in

his private capacity, Assocom chief executive Raymond Parsons argued that tax policy falls within one of the most thorny spheres of politics. The international trend in tax reform is to simplify taxation and it is usually accompanied by a broadening of the tax base.

In the US, President Ronald Reagan plans a cut in tax rates, fewer tax brackets, and fewer deductions.

The unforeseen political problems of tax reform were illustrated vividly earlier this

year in Australia. PM Bob Hawke's plan called for substantial reductions in income tax rates to be neutralised by a broad consumption tax, similar to gst. Although this was eminently acceptable on paper, the proposal was temporarily aborted after a tax "summit." Other countries have been chewing over more fundamental tax reform.

Parsons argues that as a universal rule government decisions are taken in response to what it regards as a political problem. In

*Continued on page 55*

SIMON STEWARD

## Heavy repercussions



Simon Steward is vice-president and MD of Chase Manhattan Overseas Corporation. He heads Chase's Southern Africa regional office.

**FM:** What is the impact overseas of last Thursday's speech by the State President?

**Steward:** Overseas most businessmen and commentators are not happy with what they heard. There certainly was anticipation that the President would use the occasion to provide greater clarity and more specific details on the reform programme.

While the build-up was partly a consequence of media expectations, it is clear that what had been intended to be said was not said. The government itself also created these expectations and in this respect it was unworthy of the President to say what he said about the media. I was personally informed from several key sources that there would be something of significance coming from the speech but this did not materialise. There is also no doubt that certain members of the government had expectations as well.

This inability to come out clearly with what was anticipated is certainly going to damage foreign confidence as doubts are strengthened as to the ability of the SA government to provide the necessary reforms. Many banks and other investors were delaying decisions until after the President's speech last Thursday night.

While the speech is not the end of the road, observers will tend to feel that reform is now going to take much longer than had been hoped. It is back to the usual one step back, two steps forward feeling.

**What repercussions can be expected in terms of investment in SA and SA's credibility?**

The government's credibility has taken a knock. Overseas reaction is that an opportunity was lost. Until such time as meaningful reform takes place the international community will remain negative towards SA. Investors are rational and will be inclined to

equate SA's risk rating with other problem-plagued countries in the Third World.

Overseas investors are undoubtedly going to re-evaluate the situation during the ensuing months as they come to realise that the unrest is not going to be resolved in the short term through any current initiatives from the government. To blame the unrest on criminals and radicals is avoiding the issues because while undoubtedly these elements exist, the fundamental causes of the unrest have not been addressed.

It is not only more difficult for foreign business but it is now likely to be more difficult for foreign governments to support SA as they have in the past. This adds to the investors' problems.

**What reforms would satisfy foreign companies?**

As far as I am aware most US businessmen are not talking about a universal franchise at this time but are certainly talking about structural reforms, not simply the tidying up of apartheid. This covers a whole spectrum of issues such as SA citizenship for all blacks (including the independent homelands), influx control, housing, group areas, freehold rights, and political representation. Longer-term issues would include education.

However, what foreign companies will be watching closely is the reaction of responsible blacks in SA to whatever reforms are offered as change must come from within and has to be negotiated with legitimate black leaders. This process does not seem to have begun yet.

The situation in SA today demands statesmanship. The speech had clearly been intended for foreign consumption but there was nothing in it to satisfy foreign observers and it was not what the build-up had indicated. We heard nothing new at a time when concrete structures are required to get the reform process moving.

**How severe is the pressure to disinvest?**

The pressure is tremendous but is experienced differently by different companies. The "hassle factor" is a major reason why investments are vulnerable in SA because many subsidiary companies in SA do not generate more than 1% of their parents'

profits.

The most severe pressure that US companies experience is not contained in legislation from Capitol Hill as the Bill most likely to be placed in front of President Reagan for approval is more symbolic than real in its impact on SA. Where companies feel pressure is from the many states and cities where procurement laws have been passed which deny the purchasing of goods and services from companies doing business with SA. This really hurts.

**What about local pressure?**

I understand that blacks expect more pressure from foreign companies in SA. The question is to what extent businessmen can demand political reforms. The business community has in the past tended to concentrate on issues that directly involve them. However, business should do more to campaign for the kinds of reforms that are necessary even if not directly related to their business activities because in the end everyone in SA is in the same boat. Consequently business will have to re-evaluate its traditional role in SA as regards lobbying.

Where blacks feel not enough is being done by foreign companies, they should approach individual companies or organisations to discuss the specific issues involved. **Is investing in SA really benefiting the reform process?**

I have no doubts about the value of investment in the reform process. Disinvestment is not the answer. What SA needs today is more employment and therefore greater investment is required.

**Does SA still offer attractive investment opportunities for foreign companies?**

Investors look for political stability, a satisfactory return on their investments, and the ability to repatriate the principal plus interest or dividends. These are the key issues. If one of these is threatened then the investment climate is prejudiced and the position is re-evaluated. In SA there is no longer such an attractive return on investment and political stability is now questionable, while the issue of repatriation is not currently a problem. The whole investment climate is thus much more subdued. ■

FACE  
TO FACE

making *ad hoc* piecemeal changes, or in reform, tax policy is subject to three main pressures: public opinion; civil service advice; and private sector interest.

The international experience would suggest that tax systems, or reforms, which conflict with deeply-held values fail to gain public support. Indeed, maintenance of such a *status quo* is a continuing source of political risk.

Parsons observes that much current interest in tax follows on the effects of inflation on tax rates, wage and salary claims, profitability, employment and rising government spending. The real interest in taxation, says Parsons, should stem from considering long-term advantages that might be derived from a tax system which is less economically distorting, simpler and more equitable.

He argues that public information among South Africans on tax questions and tax reform is low. The lack of information and proper perception increases the political risks of tax reform and also reduces the incentive to introduce it. Oh woe, the 53,5% marginal rate taxpayer.

The low level of tax education also strengthens the propensity of people to penalise or favour certain groups, so influencing the shape and agenda of tax policy. Taxation is perceived by many as a power relationship — its exercise is accepted where consent to the values underlying it are found.



**Assocom's Parsons ... most difficult sphere of policy**

Private interest groups, which often fill an information gap on the impact of tax and spending policies, sometimes lack impartiality in their perspectives. But their views, says Parsons, carry weight as they can influence public attitudes to what might otherwise be unpopular tax reform.

Private interest groups, moreover, are often both a force for reform and reactionary. They are often decisive in tilting the balance of opinion, and government is obliged to take this into account. SA's political institutions can facilitate a package of tax reforms which are at once politically, economically and socially rational.

Such a strategy, although framed in the uncertainties of the real world, would map out to combine the objectives of an efficient and simple tax system. It would comply with the socially acceptable notion of equity, thereby introducing minimum distortion into social behaviour.

It would also be politically advantageous. Such a package, says Parsons, is that most likely to promote the widest degree of consensus in one of the most "difficult spheres of policy."

## INCOME PROTECTION

### New deal

Professional people may not be healthier than the rest of the population, but they are less likely to take time off work to nurse their ailments.

Job motivation is high and malingering rare — which makes them much sought-after by insurance companies offering income protection policies.

And, for more than 40 years, they have been largely the preserve of the Professional Provident Society (PPS) which has had the edge on all other competitors because it pays no commission.

Now PPS is facing a serious threat from Old Mutual, which has entered the field with a professional income protection plan (PIPP) called the "FlexiProgram for Professionals."

This looks as though it is going to give PPS a run for its clientele.

PIPP offers group life cover of up to R150 000, maximum disability income of R5 000 a month, the payment of a lump sum in the event of permanent disability, accident death benefit and cover for business overhead expenses.

PPS, which markets through Sanlam, offers life cover to a maximum of R125 000 and maximum disability income of R3 400 a month; it does not include the other three features.

Another advantage of PIPP is that part of the premiums are tax deductible, while PPS, being a sickness benefit society, subscriptions paid by members only rank for a rebate of up to R75 a year.

While it may not be able to match the FlexiProgram on these particular points, PPS GM Etienne Huggett believes the PPS scheme provides the best deal overall.

"An annual dividend is credited to all members out of surpluses. This is paid to the member on retirement (or resignation from the fund) as a tax-free lump sum."

The policies differ on several other points.

*Continued on page 59*

HAMISH DONALDSON

## Who will provide jobs?



**Hamish Donaldson is MD of Hill Samuel.**

It is natural to assume that the end of the recession will automatically bring about a drop in the level of unemployment. But, if the UK experience is any guide, companies which have cut back during the hard times will not rush to take on new workers. Instead they will look to improved productivity and automation to cut costs and minimise the impact of any future business downturn.

It is a remarkable fact that the increase in unemployment in the UK has not caused a drop in gdp — except in one year, when unemployment rose from 1m to 3m. On the contrary, gdp has increased steadily over the last four years — apparently oblivious to the rise in unemployment.

There are two conclusions to be drawn from this phenomenon. The first is that "full employment" merely concealed the true level of unemployment — as long as companies were prepared to tolerate excessive fat

on the payroll.

The second conclusion, which is socially rather unpalatable, is that fewer truly productive workers are capable of compensating for large numbers of unemployed.

It is in fact important that organisations are lean and efficient. Only in this way can they provide competitive goods and services and ensure their survival.

I prefer, in any case, to treat this productivity phenomenon as an opportunity rather than as a problem. If the big battalions can produce more with smaller workforces, then there is a huge reservoir of talent capable of being exploited to improve economic prosperity.

It is to the smaller businesses and, in particular, the smaller manufacturing businesses, that we must look for future growth to ensure that there is a proportionate reduction in unemployment alongside an increase in gdp growth. Labour-intensive small businesses must be part of the next economic upswing.

The past year has, however been particularly rough on the small business sector. Interest rates at record levels and plummeting consumer demand have provided far from ideal conditions for embryonic private enterprise.

IN MY OPINION



# Falling into bad company

FEATURE

Seven months ago Frost Sullivan, a New-York based political risk analysis agency which caters for international business and insurers, rated SA highly among First and Third World countries.

SA was perceived as a country where investment and trade provided opportunities. This was based, the agency says, on the assumption that constitutional reforms heralded a strategy of gradual change.

It noted that State President P W Botha might have won the constitutional battle, but he had not won the war.

The country has now fallen into bad company and is on a par with the higher risk countries in sub-Saharan Africa and the world, according to the political risk forecasting agency. In the July and August forecasts, SA's bad partners are high-turmoil countries. And, in the next five years or sooner, Frost Sullivan predicts SA will be in the very high political turmoil bracket.

Two significant economic factors which have put SA in a bad light are its high rate of inflation and unemployment. Based on a five-year average and ranked against the performance of all other countries ranked by Frost Sullivan, SA fell in the worst 50% category. On the capital investment score (27,1% of gdp) however, SA ranked in the first 25%.

Direct new investment, it seems, is unattractive and the potential of SA as an export market has slid down the agency's 80 country listing. SA compares with other countries where civil wars are recurrent or forecasted, such as the Philippines, Zaire, Zimbabwe and Zambia. Its long-term business conditions look uninviting, says the agency and in the short term they look sufficiently bad for several banks and corporations which can cut ties to have expedited the decision.

Nervousness over the State of Emergency, declining profitability, the sensitivity of the JSE to political events and Chase Manhattan's closure of its SA banking business have led some corporations to say they will cut loose as soon as possible.

Northwest Corporation, a major bank holding in Minneapolis and Harris Bankcorp, which own Chicago's third largest bank, have said they will also cease new loans to SA.

Companies report they are monitoring the situation closely. Among those that have publicly stated they are withdrawing are

Tidwell, a mobile home manufacturing company and Blue Bell Inc. Neither company is a signatory of the Sullivan Principles. Pepsi, the Perkin-Elmer Corporation, Ford, the Singer Company and Pan American Airways decided to sell their SA assets or close down SA operations this year.

According to a report in the *New York Times* some of the companies had special reasons for leaving SA. Singer sold up all its retailing operations in Africa and the Middle East. International Harvester says it is effectively out of the country but this had nothing to do with politics or economics, but is rather tied to a decision to move out of agricultural machinery.

For US banks SA has up to now represented a fairly good financial risk especially for short-term credit and has attracted more than 1% of US foreign lending.

But after growing rapidly to rank as the 20th largest US creditor, SA exposure is shrinking fast. Loans to SA have already dropped off by 10,8% this year according to figures released by the Federal Reserve Board.

Of the \$4,2 billion in total loans to SA, \$3,5m consists of short-term credit which will mature within a year. The remaining amounts are due to mature in one to five years.

Business with the private sector and particularly banks, has swelled and the value of loans to private sector banks rose steadily from \$539,1m in 1978 to \$3 120,3m last year. Loans to private borrowers increased by 15% between 1978 and 1984 according to a Country Exposure Lending Survey.

Pledges to banks reached a high point of \$3,8 billion in September last year, but have tailed off to less than \$2,8 billion in March.

Lobbying groups, it seems, persuaded many banks not to do business with the government or its agencies in 1977 after the Soweto riots. The amount of outstanding public sector loans have shrunk from \$794m in 1978 to \$373,8m last year and \$302,2m in March this year.

In 1984, of 78 major US banks surveyed by Investor Responsibility Research, 33 banks reported they had policies on lending to SA. And 26 of these, in turn, had policies that prohibited lending to SA's public sector, including the homelands and parastatals.

Three would not do business with any SA corporations but did not include US com-

panies which have SA operations or investments. Another 43 had no policies regarding SA. Some banks require that loans provide some benefit to blacks and that they do not directly support apartheid.

In terms of actual lending, of the 68 banks interviewed, 43 reported that they had no loans outstanding with SA. Of the remaining 23, the majority (17) had extended loans to SA banks. Only seven had loans outstanding to private corporations and five had amounts still pledged to the public sector.

Of the 284 verifiable American companies with direct investment holdings in SA, most are American household names. They also represent a cross-section of all major US industries.

Few, however, employ more than 2 000 people in SA or had investment assets worth more than \$100m at the end of 1984.

A closer inspection of American investors reveals that 91% of international oil companies listed in the Standard and Poor 500 listing have direct investments in SA. In other major industries, 90% of office equipment companies, 89% of drug companies, 88% of chemical corporations and 87% of auto-manufacturing companies have direct investments in SA.

Investment in SA, however, is a small part of American corporations' total investment abroad. At the end of 1984 SA investments accounted for slightly more than 1% of all US foreign investment.

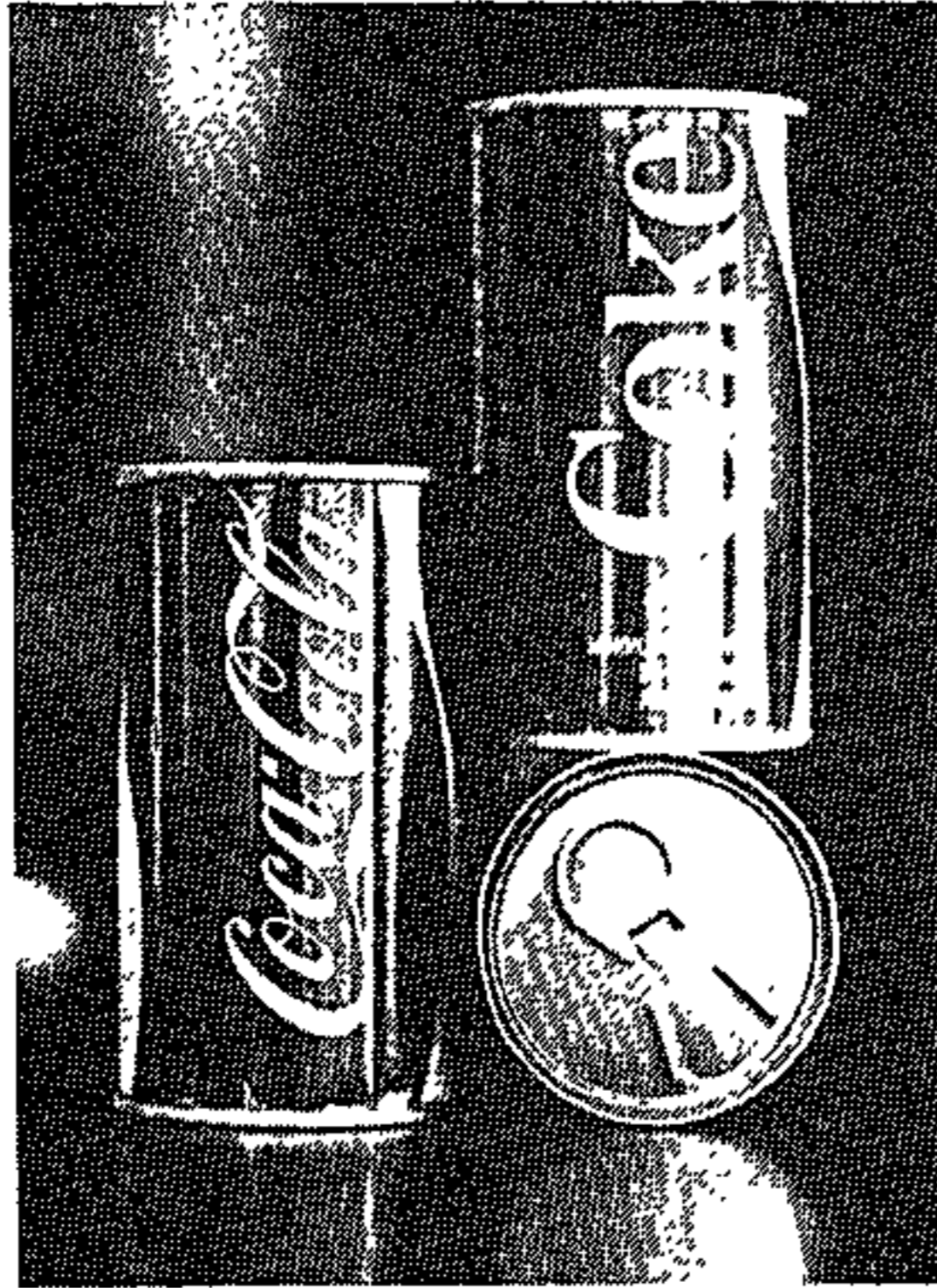
At the end of 1983 the largest American employer of local labour was General Motors, with 4 949 employees, followed by Coca-Cola (4 765), Mobil Corporation (3 342), United States Gypsum Co (2 631), Goodyear Tire and Rubber (2 510), Caltex (2 151) and Allegheny International which owns Lion Match (2 025).

Ten companies employed between 1 000 and 2 000 workers. Most of the 300 or so companies with direct investment employ less than 500 people.

There is no doubt that SA offered increasingly attractive business and investment opportunities until 1983. In the 15 years between 1966 and 1981 direct investment leapt from an insignificant \$490m to \$2,6 billion.

At the end of 1983 there was a 13% decline from the \$2,6 billion benchmark to \$2,3m. Until 1980 investments prospered. During that year American investors saw after-tax returns of an average 30% according to the report. By the end of 1983 profits had fallen off to 7%, as the economy swung out of the boom into a recession.

The stronger dollar, a decline in the economy and the relaxation of foreign exchange controls made withdrawals easier. Between 1980 and the end 1984, 41 companies sold their equity or shares in SA operations or closed their offices.



Coca Cola .. employs 4 765

# LA county votes to <sup>(62)</sup> keep SA investments

The Star's Foreign News Service

LOS ANGELES — The Los Angeles County board of supervisors yesterday voted against a proposal to disinvest \$660 million (about R1 833 million) of the county's stocks and bonds invested in firms doing business in South Africa.

The 3-2 vote reflected the board's conservative-liberal split. <sup>STAR</sup> 29/8/85

Two of those who voted against disinvestment were Mr Pete Schabarum and Mr Michael Antonovich, both of whom visited South Africa last year as guests of the Government.

Although important, the supervisors' vote was only advisory in nature.

In contrast to the county, the Los Angeles City Council voted on August 6 to support a disinvestment plan.

So far the overseers of two of the city's three pension funds have approved plans to disinvest their funds of South Africa-related holdings.

● About 1 000 students at the University of California's Berkley campus demonstrated against apartheid this week.

# Pik's bid to see Reagan failed, says US report

The Star Bureau <sup>STAR</sup> 29/8/85

WASHINGTON — South African Foreign Minister Mr Pik Botha tried unsuccessfully to arrange a meeting with President Reagan earlier this month, it is reported here.

Columnists Rowland Evans and Robert Novak said such a meeting was "clearly unacceptable" and the White House suggested instead that a senior US official go to Vienna for a meeting with Mr Botha.

It was the Vienna meeting — where Mr Botha outlined South Africa's reform programme in talks with US National Security Adviser Mr Bud McFarlane and Assistant Secretary of State Dr Chester Crocker — that led to worldwide interest in President Botha's speech on August 15.

## 'PUBLIC RELATIONS DISASTER'

"The speech was in many respects a public relations disaster for the South African Government," Dr Crocker said in an interview yesterday.

Sources confirmed that the Evans-Novak report was correct, but a senior US official would not comment on Mr Botha having asked to see President Reagan in person. All he would say was that the State Department thought it better not to have a meeting between Mr Botha and US officials in Washington because they wanted to avoid "political fall-out".

The Vienna meeting and President Botha's speech are seen here as watershed events in the drastic deterioration of South Africa's image in the US. Expectations for reform were raised — and not met.

The events also marked the emergence of Mr McFarlane as a major figure in US relations with South Africa, representing the importance attached by the Reagan Administration to the issue as a foreign policy crisis.

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CARL Tim's 24/9/85

# 'Business cartel' call for SA

## Staff Reporter

SOUTH AFRICAN businessmen have been urged to form an anti-apartheid cartel — not only to promote change aggressively at home, but also to counter disinvestment moves abroad.

Professor James Dean, professor of economics at Simon Fraser University in Vancouver, made the call on Thursday at a disinvestment seminar at the UCT graduate business school, where he is a visiting professor.

He welcomed the move by Mr Raymond Ackerman to help form a group of businessmen to promote political change. But he believed the action should extend abroad, including the establishment of a high-powered Washington lobby to explain these actions to the American public.

## Mobilized

"The common economic interests of English, Afrikaner and black South Africans can and should be mobilized to overcome the present climate of political inertia in South Africa and political malevolence abroad," he said.

Professor Dean believed local businessmen could do much more to influence the government and black anti-apartheid organizations in South Africa as well as reaching foreign businessmen and a foreign public which did not appreciate the reality of recent progress against apartheid.

He said South African business was largely depoliticized but knew that apartheid laws were, on balance, not in its best interest.

"South African business should form an aggressive anti-apartheid cartel. This cartel should have both executive and public relations functions."

The business cartel should.

● Develop a feasible agenda for accelerating the erosion of apartheid outside of legislative change.

● Co-operate with foreign businessmen on funding black apprenticeship, training and education programmes.

● Draw up a political agenda for change to fill the void left by the government.

● Negotiate "visibly and openly" the development of these points with black economic, political and religious leaders.

"Finally, the cartel should communicate with foreign anti-apartheid voters. It should hire the best public relations firm available in Washington DC.

"It should put in place the fanciest little lobby Washington has ever seen in order to publicize and promote the measures being taken in co-operation with black leaders and with foreign business."

Professor Dean said the foreign lobby emphasis should be positive, not negative, and should neither denigrate the South African Government nor make excuses for apartheid.

## Opportunities

"The opportunities for constructive change, constructive investment, constructive cultural exchange, constructive international negotiation should be emphasized.

"Flows of people across the Atlantic ought to be vigorously promoted. Tourism and cultural exchange ought to be pushed.

"American public opinion has shown us time and time again that it responds in the end to accurate information and cogent argument. It can and will be persuaded by facts and the opportunity for positive rather than punitive action," he said.

CAPK Times 24/8/85

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# Attacks on US interests in SA are <sup>62</sup> now feared

The Star Bureau

WASHINGTON — An American expert on terrorism has warned Congress that United States interests in South Africa could be attacked by terrorists because of perceptions in Africa that the US supports apartheid. <sup>28/8/85</sup>

The warning came from Mr William Quandt, a former staff member of the National Security Council and now an official of the Brookings Institution, a respected Washington think-tank.

## MODERATES

Testifying to a congressional committee hearing, Mr Quandt said that while the US had declared its opposition to apartheid, many black South Africans and others on the continent saw it as

supporting the South African Government's race policies.

He said: "If the efforts of moderate leaders such as Bishop Tutu fail, more extreme leaders will come to the fore. They will be called terrorists and they will doubtless resort to terrorism."

"If we are seen to be supporting apartheid, we should not be surprised if US interests come under attack."

The purpose of the hearing was to examine recent terrorist attacks on Americans abroad, including the TWA hostage crisis in Lebanon and the truck-bomb massacre of 241 US Marines in Beirut.

In recent weeks the US has emphasised repeatedly that its policy of constructive engagement aims at ending apartheid rather than supporting it.

## Reagan adviser wants new tactic on SA:

# Use investment power to force faster reform

By Michael Chester

President Reagan has been urged by an adviser to persuade the United States Congress to take a U-turn on disinvestment and reshape policy to use investments in South Africa as a weapon to force faster reform.

The advice stems from Dr Stuart Butler, of the influential Heritage Foundation think-tank in Washington, who believes that apartheid can best be undermined by persuading President Botha to hand over more State enterprises to private control and allow black entrepreneurs to join the economic mainstream.

Dr Butler will be a key speaker at a special conference in Johannesburg on September 4 devoted to working out a plan of action to influence the Government on speeding up the process of privatisation and the scrapping of regulations that hold

back private enterprise and the creation of more black business ventures.

The conference, organised by the South African think-tank Syncom, has been sponsored by the Federated Chamber of Industries.

Dr Butler, now also a director of Syncom himself, is convinced that the US should change tactics away from disinvestment, which he argues would only harden apartheid attitudes in the political right wing, and instead:

### ECONOMIC POWER

- Pledge support to South Africa in any moves to hand over chunks of State industries — plus services such as health, education and transportation — to private enterprise, offering technical assistance to potential buyers of State assets.

- Foster the creation of more black business ventures by providing grants to US companies

in South Africa willing to train and guide potential entrepreneurs; helping to create a strong black business class that can share in economic power.

- Provide funds to US companies which train South African black workers into higher skills and to US trade unions which volunteer to train black union officials.

"US diplomatic strategy to erode apartheid should now be bolstered by a strategy of investment leverage," says Dr Butler.

"Strong economic growth, not disinvestment, will undermine apartheid and encourage gradual but peaceful and irreversible change."

The Syncom conference will also be addressed on black economic integration by Mr S R Mphaka, secretary of the job creation committee of the National African Chamber of Commerce.

29/8/85

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# GM to lay off 340 staff next month

Argus Bureau

PORT ELIZABETH. — General Motors is to lay-off 340 hourly-paid and salaried staff next month.

A statement by the company said the impact of the economic recession on the motor industry was the reason, adding that the company had "made every endeavour to avoid these measures by implementing reduced working hours and intermittent plant closures".

The 260 hourly-paid workers would be laid off on September 6, while the salaried staff finish work at the end of September. Some would take early retirement.

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—SAP major

# US firm lays off staff

~~62~~ <sup>Sowetan</sup>  
ABOUT 340 employees of USA multinational company, General Motors, have been re-trenched because of the recession and its impact on the motor vehicle market. 62

A company's spokesman said about 280 hourly paid workers will be released during this week and 60 salaried employees would leave the company or take early retirement.

The company had made every effort to avoid the measures by implementing reduced working hours and intermittent plant closures.

He said: "However, the situation has continued to deteriorate and the company now has no alternative but to adjust salaried and hourly employment levels."

## Payments

The company is also to extend payments to its suppliers from 30 days to 60 days. 2/9/85

"Due to the tightening of the economy and its impact on the vehicle market, we have advised all our suppliers that we will be extending payment terms," said Mr Dave Sneesby, financial director of the company. Component manufacturers said the move was "normal practice".

A spokesman of the National Automobile and Allied Workers Union (Naawu), which represents the majority of hourly paid workers at the company, was not available for comment.



# US bankers fear S A

## 2/9/85 Mercury faces crippling liquidity crunch

(62)

NEW YORK— US bankers fear that South Africa faces a crippling liquidity crunch in the weeks ahead because international banks will cut lines of credit if economic and political conditions worsen.

The bankers said curtailment of loans to South Africa was likely to accelerate if the country's racial crisis was not stabilised.

Bankers and monetary officials in Washington estimate South Africa's short-term debt due within a year is about \$12 billion (about R30 billion) — a figure far higher than the country's cash reserves and its projected current account surplus this year.

If the shortfall cannot be met by extending maturing loans or arranging new credits, South Africa will have no choice but to follow the example set by Mexico and other Latin American nations that suspended foreign debt repayments in 1982, some bankers said.

### Strike

South Africa's black mineworkers' union said on Wednesday it would strike from Sunday at five gold mines and two collieries, adding to grave economic difficulties which have forced the Government to halt currency and stock dealing.

The numbers indicate that if a substantial number of existing short-term credit facilities are withdrawn or suspended, South Africa faces significant problems in servicing its short-term debt in the next three or four months,' said one New York bank economist who follows the situation in South Africa closely.

He estimated South Africa's reserves at \$2.6 billion (about R6.5 billion) and its 1985 current account surplus at \$2.5 billion (about R6.25 billion).

'Willy nilly, they would have to declare a moratorium or request a rescheduling,' he said, adding that the next few weeks would be crucial to banks' decision-making.

At the moment, US banks are proceeding cautiously, cutting back some credit lines, extending others, and generally keeping a very close watch on the racial unrest in South Africa, bankers said.

### Credits

So far, they have apparently not followed last month's lead by Chase Manhattan. According to banking sources Chase decided not to renew maturing private-sector credits to South Africa. Chase declined to comment on the reports.

But signs are emerging that other major banks, sensitive to the public outcry over South Africa, are changing their position.

Mr Wilfred Koplowitz, a spokesman for Citibank, said: 'We are monitoring the situation and adjusting our private-sector portfolio in a way consistent with sound banking practice and basic country-risk procedures.'

He declined to elaborate but said this should not be taken as a sign that Citibank is withdrawing from the South African private sector.

'There's lots of pressure on South Africa to prepay present credit obligations,' said another New York bank officer.

Because of the capital outflows from South Africa and growing speculation, the South African rand plunged to a record low on Tuesday of just above 35 US cents, prompting the Minister of Finance, Mr Barend du Plessis, to suspend foreign exchange and stock trading until Monday.

Analysts in New York said they expect the South African Government to make use of the breathing space to introduce a batch of measures aimed at restoring confidence in the rand, which had averaged about 81 cents as recently as the first quarter of 1984.

Mr Steve Cerier, a currency analyst at Manufac-

turers Hanover Trust Co, said he expected South Africa to reintroduce a dual exchange rate for the rand.

This would give investors an incentive to put money into South Africa and make it more expensive for them to withdraw.

### Controls

'If they don't impose exchange controls, the rand's going to melt away,' Mr Cerier said.

If the measures are severe, the rand could rebound for a while when trading resumes, analysts said. But South Africa's economic and political uncertainties of the country make the longer-term outlook for the rand poor.

'These reforms will stabilise things in the short-term but in the longer-term it depends on confidence and the political risks outweigh the return on investments,' one analyst said. — (Sapa-  
Reuter)

# US banks move to foil debt freeze

62

McCrury

5/9/85

WASHINGTON—American banks have started attaching some of South Africa's export earnings in retaliation for the debt-freeze, US banking sources said yesterday.

Dr de Kock put South Africa's total foreign debt at between \$21 billion and \$22 billion or R54 billion and R56 billion, including \$12 billion or R31 billion due within 12 months.

Of that, R15 billion was in lines of credit between international banks, he added, emphasising that South Africa was at pains to minimise disruption to the inter-bank deposit market.

Nedbank accounted for a substantial portion of the inter-bank deposits and, asked whether that bank was in difficulties because of these lines, Dr de Kock said: 'These difficulties have been substantially, if not entirely, resolved.'

Asked whether the Reserve Bank would stand behind Nedbank, Dr de Kock said he never discussed in public the affairs of private South

◆ TURN TO PAGE 2

## Simon Barber

Nedbank creditor, would then decline to transfer the funds, attaching them against what Nedbank owed it.

Both South Africa's decision to suspend Nedbank's New York activities and the US banks' actions are of questionable legality and could lead to a lengthy court fight.

Nedbank, New York, is technically an American bank, raising serious questions of sovereignty.

American lenders are particularly nervous about Nedbank because of the aggressive way it took positions in dollars in an attempt to compete directly with US banks for business, not only with South Africa but also in the US itself.

## Havoc

As the rand has lost its value, its US debt has begun, according to one banker, to approach 20 percent of its total balance sheet.

So far, other South African banks had not been affected, but some bankers were worried that a freeze on export earnings could spread.

This in turn could play havoc with South African imports as suppliers demanded payment in advance or letter of credit, creating a major cash flow crisis for South African firms.

Historically, South Africa had always been supplied on open account.

'It would be a tremendous shock to the system,' one banker, closely involved in the situation, said.

At a Press conference in New York yesterday,

The development was high on the agenda when Finance Minister Barend du Plessis called in South African representatives of major US banks on Tuesday afternoon and pleaded with them not to take unilateral action, the sources said.

At the same time, Dr Gerhard de Kock, Governor of the Reserve Bank, was holding a series of separate talks in New York with major banks, including Chase Manhattan, Morgan Guaranty, Bankers Trust and Manufacturers Hanover.

## Borrowed

The talks, like all of Dr de Kock's US movements, have been veiled in secrecy and the banks would not even officially confirm they had taken place.

At the centre of the crisis, the sources said, was Nedbank, whose New York operations had been frozen by South Africa.

Since opening in New York two years ago, Nedbank had borrowed an estimated \$1 billion from US banks, relending it to South African concerns, the sources said.

Now that Nedbank in New York had been prohibited from repaying its US debts, its American creditors were effectively expropriating payments to its South African clients, the sources said.

This would work if, say, an American car company ordered a shipment of platinum from a South African company and the American firm requested its bank to make payment to the South African firm's bank in this case, Nedbank.

The American bank, a

## US banks move over debt freeze

◆ FROM PAGE 1

But he added: 'The South African central bank in the past has always stood behind banks in matters of this nature.'

Dr de Kock said he had concluded his talks in the United States and was leaving for Europe for discussions with European banks.

Meanwhile, our London Bureau writes that the British Prime Minister, Mrs. Margaret Thatcher, has ruled out any rescue

mission by the Bank of England to bail South Africa out of its economic crisis.

'There is no question of the Bank of England giving financial support directly or indirectly to the South African Government in present circumstances,' she told the Labour leader, Mr. Neil Kinnock.

Replying to a letter from Mr Kinnock, Mrs Thatcher said, however, that she saw no need for special directions to be given to the bank

McCrury

5/9/85

# Aggressive action needed to counter anti-SA lobby

A group of American evangelists touring South Africa has suggested the American disinvestment lobby against South Africa be countered by an aggressive and well-orchestrated media campaign.

At a seminar on "The Image of South Africa" organised by the Institute for American Studies at the Rand Afrikaans University, the leader of the eight-member delegation from the United States, Mr David Balsiger, said they were in South Africa to find out what this country was doing to tell its side of the story better than the media in the United States.

Mr Balsiger said an "offensive" approach would be a better response than the defensive, apologetic approach. He proposed a 12-point plan of action which included:

- Using direct confrontation to counter the "reforms-are-only-cosmetic" demonstrations.
- Compiling a pro-South Africa Press kit which would refer to "the on-going reforms, the Marxist assault and the effects of disinvestment" on the community.

## LETTER-WRITING CAMPAIGN

- Encouraging American companies to justify to the American public, and not only their employees, why they have invested in South Africa. Also a letter-writing campaign recommending that these companies do not disinvest.
- A magazine publishing news items of relevance to the American public on South Africa.
- An offensive against the Soviets which would enable South Africa to "slip on to the back-pages of newspapers".

Mr Jack Waldron said the media in the US was waging a high-profile campaign against South Africa. Mr Waldron is another member of the "New Christian Right" organisation which brings together 210 organisations claiming influence over conservative and moderate religious Americans and government opinion formers.

"Daily, the networks show people being shot, beaten or killed — this affects the thinking of the legislators.

"They seem to say 'if you don't take a forceful stance against South Africa then you are endorsing apartheid'. This is how the news is 'framed'," he said.

# Pull-out of U.S. firms goes on but some big ones are staying

62

Mercury 12/9/85

**MANY AMERICAN businesses and banks are gradually but steadily pulling out of South Africa because, as one bank spokesman put it, they no longer find that country 'an attractive place to do business'.**

'The private market is sending a much stronger message than official sanctions have to the South African Government that their policies are creating an economic climate that is un conducive for conducting business,' said Mr Jeffrey Schott, a research associate at the Institute for International Economics.

Most U.S. firms that are leaving have relatively small operations in South Africa, said Miss Cathy Bowers, research analyst with the Investor Responsibility Research Centre Inc, which surveys U.S. and British business activity in South Africa.

In some cases the business decision was prompted by American laws discouraging ties with the apartheid regime. For example, Motorola Inc dropped its sales of two-way radios to the South African police forces this year in response to a New York City ordinance barring purchases from firms dealing with South Africa, spokesman Mr George Grimsrud said.

Some companies said they were firm in their intention to remain in South Africa, however.

'There's been no change — it's

EDITORIAL comment in this issue by J O McMillan, M C Mattson, A G M Fishley, N G Elliott and B Parkes. Political headlines and sub-editing by R J MacMillan, contents bill by R Hawkins, cartoon by P Lessing, all of 12 Devonshire Place, Durban.

## Special Correspondent WASHINGTON

just business as usual,' said Mr Cameron Calder, vice-president of international operations for American Cyanamide, a large chemical company. Its South African affiliates have 700 employees and had 1983 sales of 50 million dollars (R128 million).

Borg-Warner Corp said it had no plans to cut ties to a South African affiliate that manufactures car and truck parts.

The latest jolt was a credit pinch-off last week by U.S. banks on South African companies. The banks are expected to resume lending money to South Africans after that country ends a four-month moratorium on repaying loans.

Nonetheless, economists call the move the most significant step yet to affect private businesses in the controversy over South Africa's racial policies.

U.S. Commerce Department figures show American business investment in South Africa, apart from loans, was 1.8 billion dollars (R4.6 billion) at the end of 1984, down from 2.3 billion dollars (R6.05 billion) at the end of 1983 and down from a high of 2.6 billion dollars (R6.6 billion) in 1981.

Other changes that are under way:

● Engelhard Corp, a big New Jersey manufacturer of chemical and metallurgical products, this year liquidated its wholly owned South African affiliate. The operation had 4.5 million dollars (R11.5 million) in sales in 1983, 2 percent of the company's total.

● Phibro-Salomon Inc, an investment banking firm, announced last month a withdrawal from South African operations. A

spokesman declined to comment on reasons. The company's South African assets had been estimated at less than 420 million dollars (R1.08 billion).

● The Doall Co, a Des Plaines, Illinois, machine-tool-maker, closed its South African sales office. Spokesman Mr John Flink said the decision was based mainly on industry factors and the company wanted to remain in the South African market. 'It's about the only stable market at all in the area,' he said.

● Coca-Cola Co announced the sale of majority interest in its group of South African bottling plants to a South African company, although it will continue to hold a minority stake. Soft-drink sales in South Africa have been down, according to spokesman Mr Randy Donaldson.

● West Point-Pepperall, a Georgia-based textile company, sold its minority interest in a South African affiliate to local managers for one rand. 'Really there was no relationship between the social activity there,' said spokesman Mr Donald Downs, 'it was a purely business decision based on the fact that the operation wasn't profitable.'

Because of racial turmoil the Bank of Boston no longer found South Africa 'an attractive place to do business,' said spokesman Mr Wayne Taylor. He acknowledged pressure from anti-apartheid U.S. customers.

Harris Bank of Chicago decided to end all loans to South Africa in March, spokeswoman Miss Mary Ullrich said. 'The reasons had to do with the political and economic situation in that country,' she said. 'Our concerns about the risk in that country ... led us to withdraw.' — (Sapa-AP)

DISINVESTMENT

More US business pulling out of SA

WASHINGTON — Many American businesses and banks are gradually but steadily pulling out of South Africa.

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62 B. Day 12/9/85

# U.S. pull-out inevitable—magazine

By PATRICIA CHENEY: Washington

A PULL-OUT of American business from South Africa is all but inevitable, unless the South African Government abolishes apartheid, the widely-read Business Week magazine predicts in the cover story of an issue due to hit the streets tomorrow.

"For US companies, disinvestment is no longer just a possibility," the magazine

## Kirsh report

A HEADLINE on the continuation of the Kirsh Industries story on Page 2 of the Sunday Times last week gave a misleading impression of the Kirsh group and did not reflect the contents of the report.

The report made clear that the proposed rights issue in Kirmet ensured the viability of Kirsh Trading companies, Checkers, Dion and Russells, and that Mr Natie Kirsh's other interests were unaffected. We regret any inconvenience the headline may have caused.

says. "Since rioting broke out a year ago, nearly every American corporation in the country has an escape plan."

The article, quoting a wide range of American and South African businessmen, points out that over the past year 18 US companies have stopped all or part of their South African operations and, overall, US business has reduced employment of South Africans from 90 000 to 70 000 during the past four years.

"Some US businesses are shrinking their exposure by selling out controlling interests to South Africans. Others, while not officially withdrawing, are reducing their presence to little more than a nameplate, a telephone and a desk," says the magazine.

Business Week identifies three reasons why American businesses are pulling out: the worsening state of the economy; the escalation of violence and the unrelenting pressure from anti-apartheid

activists in the US to withdraw.

More to the point, it says, "US and South African executives alike are finding that their companies have run up against the limits of doing business under apartheid."

"The apartheid system is an obstacle to economic development," Barbara Kommer, investor communications manager at Hewlett-Packard Company, was quoted as saying.

Business leaders also complained that there were no strong leaders, black or white, to deal with the problem. While many black leaders were either in jail or exiled, the magazine charged that President P W Botha had failed to guide the country at critical turns.

"I would hope that someone is listening in Pretoria, but I haven't seen any sign of it," Patrick Moffitt, managing director of SA Cyanamid, told Business Week.

Raymond Ackerman, chairman of Pick 'n Pay,

complained that President Botha's inability to come up with a plan for reform filled him with a "sense of hopelessness", and business magnate Anton Rupert privately told Mr Botha that he should consider resigning, according to the magazine.

Business Week asserts that many business leaders are especially concerned that the bulk of South Africa's blacks see apartheid and capitalism as inextricably linked.

While American businessmen still stand by the usefulness of the Sullivan Code of fair employment principles, which about half the US com-

panies in the Republic adhere to, they seem to realise the code is merely a stopgap, not a solution, the magazine concluded.

It quoted Gavin Brown, a labour consultant with Levy Associates, which advises many US firms: "The code has probably done more good than harm. But now it doesn't offer the kind of solutions that are germane to the problem." Backing up its case that US disinvestment is inevitable, the magazine points out that the average return on foreign investment in South Africa slid from 20 percent in 1980 to five percent.

## WEATHER AND TIDES

TRANSVAAL: Cloudy and cold with isolated light showers.

FREE STATE: Cloudy and cold with isolated showers over the eastern part.

CAPE: Fine and mild north of the Orange River; partly cloudy and mild in the southern parts.

NATAL: Cloudy and cool

with possible rain along the South Coast; cloudy and cold with occasional rain in the interior.

	High/Low	High/Low
Cape Town	0329/0930	1545/2159
Mossel Bay	0352/0951	1606/2218
Knysna	0413/1006	1630/2233
Port Elizabeth	0367/0956	1614/2223
East London	0350/0953	1606/2216
Durban	0358/1006	1616/2226
Walvis Bay	0336/0928	1548/2155

# Business

10

MONDAY, SEPTEMBER 10, 1965

## More foreign car manufacturers may leave SA

*CAAL Times 16/9/65*

*62*

Own Correspondent

JOHANNESBURG.— At least two more foreign motor manufacturers are expected to pull out of South Africa in the next year.

After Alfa Romeo's decision last week, that it could no longer absorb its losses in this country, industry officials and observers alike are confident more departures are on the way.

The managing director of Samcor, Mr Spencer Sterling, whose own company is the result of major industry rationalisation between Anglo American and Ford, said: "We confidently expect further rationalisation developments within the industry in the next 12 months."

### Nissan

Nissan chairman Mr Peter Whitfield expressed the views of many manufacturers when he said: "It is difficult to be the first one to pull out. It is much easier to be the second or the third."

With Alfa gone, most industry officials are predicting General Motors could be next. Management of the loss-making company's American parent are due to meet in Detroit today to discuss the South African operation.

Although the company has been a favourite target of the United States anti-disinvestment lobby, any decision on the future of the South African subsidiary is likely to be taken on economic,

rather than political, grounds.

GM, the world's biggest carmaker, is only sixth in South Africa and the new managing director, Mr Bob White, admits the company cannot keep accepting losses for ever.

He said recently: "Someone at GM is obviously looking at the totality of the GM business in SA in terms of profits. And I would have to suspect that with the kinds of losses we had last year, and that we're going to have this year, you have to wonder if it's worth it in the long pull."

"So far, GM has said it is worth it. But at some point that evaluation could change."

### Renault

Renault is also expected to make an announcement on its future this week. Senior officials returned from France at the weekend after talks with management there.

Regie Renault, the French State-owned motor giant, is drawing in its horns after sustaining heavy losses worldwide. In view of the French government's recent stance on South Africa, the local operation could be in jeopardy, although sources say local Renault officials returned from France "with a smile".

Other companies at the centre of speculation in recent days have been Peugeot, which has yet to announce plans after the break-up of its relationship with Samcor, and Leyland.

Observers point out

Leyland's future is tied in heavily with Renault, for which it assembles vehicles at its contract assembly plant in the Western Cape.

Leyland has been scouting round for some time to find more work for the plant. Among those it is understood to have been wooing is Peugeot, in view of suggestions by the French manufacturer it would consider a joint operation with Renault.

Should the two car-makers abandon the market, however, it would put additional pressure on Leyland, which has already pared its operations considerably following its decision some years ago to cease manufacture of its own cars here.

Although it is unlikely to abandon its truck and bus operation, it could be forced to find some other ways of cutting losses.

### Ford sales up 61.9 percent

DEARBORN. — The Ford Motor Company announced yesterday that its domestic car sales for the September 1-10 period rose 61.9 percent to 63 674 from 39 328 a year earlier.

Ford said early September truck sales increased 7.3 percent to 25 934 from 24 162. Cumulative truck sales were 882 768, up from 805 441 last year.

The company said the daily selling rates set records for the early September period. — Reuter

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# SINCESS

# DAY

THE NATIONAL NEWSPAPER FOR DECISION MAKERS

Alfa's decision

16/9/85

62

## GM, Renault seen as next in line to quit SA after

AT LEAST two more foreign motor manufacturers are expected to pull out of South Africa in the next year.

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DAVID FURLONGER  
Industrial Editor

the SA subsidiary is likely to be taken on economic, rather than political, grounds. GM, the world's biggest carmaker, is only sixth in SA and new MD Bob White admits the company can't keep accepting losses for ever.

He told *Business Day* recently: "Someone at GM is obviously looking at the totality of the GM business in SA in

terms of profits. And I would have to suspect that with the kinds of losses we had last year, and that we're going to have this year, you have to wonder if it's worth it in the long pull."

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horns after sustaining heavy losses worldwide. In view of the French government's recent stance on SA, the local operation could be in jeopardy, although sources say local Renault officials returned from France "with a smile".

Other companies at the centre of speculation in recent days have been Peugeot, which has yet to announce plans after the break-up of its relationship with Samcor, and Leyland.

See Page 7



# US firms back lobby for reforms

62 STAR  
23/9/85

The Star Bureau

NEW YORK — Ten of the biggest US companies operating in South Africa have formed a group to work with South African companies lobbying for an end to apartheid.

Mr Roger Smith, chairman of General Motors, and Mr Michael Blumenthal, the former Treasury Secretary who is chairman of the Burroughs Corporation, announced the formation of the group, to be known as the US Corporate Council on South Africa.

## CRITICISM

The formation of the group is the latest indication of efforts by American companies to lobby for change in South Africa and for reform of the apartheid system.

"Council members share the viewpoint of a growing number of senior South African business leaders who see an urgent need for changes and reform of the apartheid system, which will lead to its ultimate elimination," said a statement by the council.

The council includes the chief executives of IBM, General Motors, Johnson and Johnson, Colgate Palmolive,

Mobil, Citicorp, Fluor, Caltex and Deere.

All have signed the Sullivan Principles, the voluntary code for American companies in South Africa that stipulates that black and white workers must be treated equally.

"There are letters out to all other signatory companies of the Sullivan Principles, inviting them to participate," said Mr Clifford Merriott, a spokesman for General Motors.

The council will work with South African business executives in supporting local initiatives that would lead to the dismantling of apartheid, he said.

Miss Jennifer Davis, executive director of the American Committee on Africa, a New York-based group that has urged companies to leave South Africa, said that it was too late to simply lobby against apartheid, and that American businesses should send a far sharper signal by pulling out of South Africa.

"They had a long time in which they could have done this," she said.

"It's time for them to cut the connections that bolster the system."

## Disinvestment

ALBANY (New York) — Trustees of the State University of New York, the largest university system in the United States, yesterday reversed an earlier decision and voted to sell its remaining \$11.5 million (R28.75 million) worth of investments in companies dealing with South Africa. — Sapa-Associated Press.

(62) STAR 25/9/85

(62) B. Day  
2/10/85

# Concern over SA won't force out US manufacturer

Business Day Reporter

LEDERLE Laboratories, a division of the giant US Cyanamid corporation, will not be pulling out of South Africa despite recent speculation that the company was considering disinvesting.

In fact the company, a leading manufacturer of vitamins and nutritional supplements in the United States, has announced it is launching a new health care division in South Africa which will market locally-manufactured nutritional and self-medication products.

Director of medical products Mike Schlumpf said yesterday he and Lederle's deputy director and marketing manager Brian Sparg had just returned from the United States where disinvestment had been discussed at top-level with the parent company.

"There is, naturally, concern about the political situation in South Africa," Schlumpf said. "Usually when we visit the United States, we may discuss the gold price for a few minutes with our American colleagues before moving on to the agenda. This time we spent a whole day debating the political situation before the company decided to continue business as usual."

Schlumpf said the new health care division was being introduced because of the growing trend among people to treat minor ailments themselves.

"Our division aims at helping consumers make responsible self-medication decisions," he added. "We plan to offer them a range of high-quality self-medication health care products and will be working closely with the medical and pharmacy professions so we can offer all consumers in South Africa an improved health care system."

# Shultz restates case for US engagement with SA

3/10/85 The Star Bureau

WASHINGTON — American Secretary of State George Shultz said last night apartheid was doomed — but he warned that violent revolution could result in blacks changing one set of oppressors for another

"The only course consistent with American principles is to stay engaged as a force for peaceful change," he told the National Committee on American Foreign Policy

"Our interests and values are parallel because the present system is doomed and the only alternative to a radical, violent outcome is political accommodation now before it is too late"

Mr Shultz said President Reagan's sanctions order last month was directed against the machinery of apartheid but in a way that would not magnify the hardships of the victims of apartheid.

## A CHALLENGE

He said South Africa was one of the most difficult challenges facing the US today. Americans naturally found apartheid totally reprehensible but the problem was what to do given limited American influence.

"Should we try to undermine the South African economy in an effort to topple the white regime, even if that hurts the very people we are trying to help, as well as neighbouring black countries?"

"Do we want to see the country become so unstable that there is a violent revolution?" he asked.

"History teaches that the black majority might wind up exchanging one set of oppressors for another and could be worse off."

It was not President Reagan's policy to wash US hands of the problem or to strike moralistic poses

Rather the policy was to use US influence to encourage a peaceful transition to a just society.

# Top pensions official urges US funds to fight apartheid

The Star Bureau

62

NEW YORK — Disinvestment of about \$10 billion by public pension funds was an incredible price for Americans to pay for an inadequate US foreign policy in South Africa, Mr Edward V Regan, New York state comptroller and sole trustee of the state's huge pension fund, said this week.

He said American pension funds should exercise all the clout they had to end apartheid. If necessary America should call for total divestment and withdrawal from South Africa.

Mr Regan was addressing a high-level seminar on US policies on South Africa in Wall Street.

Under Mr Regan's direction, the New York State pension fund, with assets of \$26 billion, has held back disinvesting from 135 companies with South Afri-

can ties, though a Bill before the New York State legislature calls for the divestment of \$6 billion in assets.

If other public employee pension funds in New York followed the lead, he said, the costs to local municipal employees could be between \$400 million and \$600 million.

## MAJOR CHANGES

Mr Regan said the US government still had not done enough to end apartheid. Nor had US companies contributed enough to eliminating the public system of apartheid although they had done a lot in the work place.

He said, however, that if major political changes were not seen soon, American companies could no longer justify staying on in South Africa.

But it was indefensible that New York municipal employees should pay for the US govern-

ment's failure to have a firm policy on apartheid, he added.

Mr F Alan Harris, a State Department official, said the key word to political reform in South Africa was "participation".

"What we have now are edicts handed down from the leadership in Pretoria," he said.

"The litmus test for America in the current atmosphere was participation by South Africa's black majority in decisions."

The South African consul-general in New York, Mr Abé Hoppenstein, said the impact of disinvestment on unemployment was serious.

Mr Hoppenstein said South Africa was looking for "sincere and honest brokers" to help bring about dialogue, and he called for a minute's silence to remember the 700 people who had died in violence in South Africa.

**Altech acquires Motorola SA**

Altech has taken over the local operation of US company Motorola Inc, which has moved to reduce its exposure in SA. Motorola has apparently been on the Altech shopping list for years, with management having started exploring such a deal in 1978. Altech has concluded manufacturing licences for all major products presently made by Motorola SA. To that extent, at least, the deal does not represent disinvestment by the US company.

Motorola Inc manufactures radio communications equipment, computer modems and semiconductors. Motorola SA claims to have 30%-35% of the South African market in two-way radios and paging systems, an area believed to have excellent growth potential. The deal is in line with Altech policy of expanding and consolidating its base in electronics, data processing, and telecommunications.

Chief executive Bill Venter declines to disclose any figures relating to the size of the deal. But it is thought relatively small for Altech, whose turnover in the six months to end-August amounted to R216m. Motorola SA is expected to have a negligible immediate effect on net assets and earnings.

Altech will become a non-exclusive dis-

tributor for Motorola's information systems products. It will continue to service Motorola SA products, offering national sales support, particularly in the commercial and transportation markets.

David Ross

**SPL heads for JSE**

The combination of punitive interest rates and a buoyant stockmarket has encouraged a spate of companies to consider JSE listings — most of them fairly small. Latest of these is the computer-software firm, SPL, which first announced its listing intentions last February. It plans to list 15,3m ordinary shares on October 14.

As a new investment vehicle in high-technology, and a service business into the bargain, SPL is likely to arouse considerable interest. It will offer 2,16m shares to the public at 75c each, to raise just over R1,5m. Their forward earnings yield, based on profits last year of R1,4m, and projected growth this year of 28%, will be around 16%. This seems an attractive price for the firm, which is regarded as a leader in the high-growth software market. No equivalent software company is listed on the JSE.

SPL was established in 1969 by present chairman, Len Israelstam. "At the time the

local mainframe market was getting off the ground, but the software market was still totally undeveloped," says MD Lewis Folb. Israelstam obtained distribution rights to leading software packages, such as Walker Interactive products designed for IBM mainframes.

Although competition is now fierce in this market, says Folb, "we have remained the dominant force in mainframe software, although we have less of a presence in the micro market." But with most of the larger companies acquiring mainframe computers, he says, this is the area of highest growth potential.

Apart from imported packages, SPL has a large system development division of its own, employing some 65 programmers. Its imported products are unlikely to be affected by disinvestment pressures overseas, adds Folbe. "We have strong ties with our principals," he says. "Unlike hardware, it is almost impossible to monitor exports of software tapes."

This listing may seem to have the makings of a high-flying counter. Folb says that annual compound growth in profits was 28% in recent years. But a clearer picture of its potential will emerge only after the prospectus is issued.

Neville Glaser

F01 11/10/85

# US firms to seek abolition of apartheid

WASHINGTON — The chairman of General Motors Corporation, Mr Roger Smith, said yesterday a council of American firms doing business in South Africa would seek to dismantle apartheid and give blacks political rights.

Mr Smith said the US Corporate Council on South Africa would seek the abolition of laws that prohibit movement of blacks throughout the country and the granting of freehold property rights to all blacks.

In addition, Mr Smith said, the council would press for the dismantling of the migratory labour system that separates black spouses from their families, satisfactory citizenship provisions, and talks leading to black participation in politics.

Smith and Burroughs chairman, Mr W Michael Blumenthal, announced the formation of the council in September, saying that, as a corporate citizens of South Africa, the group would press for reforms leading to the end of apartheid.

About 25 firms have joined the council thus far, according to GM.

"By being in South Africa, we think we may make a difference in moving more rapidly toward these goals, helping to bring an end to the tragic loss of life in that country while accomplishing peaceful but meaningful change," Mr Smith said. — Sapa-Associated Press.

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# 50 US cities to step up sanctions

Argus Foreign Service  
NEW YORK. — Fifty American cities have pledged to apply stronger sanctions against South Africa.

Representatives and mayors of the 50 cities met in New York at the weekend to discuss possible future actions against apartheid.

Mrs Jennifer Davis, executive director of the American Committee on Africa, leading the US disinvestment campaign, said: "More needs to be done and the conference was called to plan action."

## TRADE EMBARGO

The conference was co-ordinated by the American Committee on Africa and co-sponsored by the UN Special Committee against Apartheid.

The Rev Jesse Jackson, chairman of the National Rainbow Coalition, opened the conference.

"Divestment does not merely take dollars out of South Africa, it is an investment in equality," he said.

He called for a trade embargo against South Africa.

"By taking the profits out of apartheid we take the motivation out of the reason for its existence," he said. "Every moral and ethical imperative that drove us to stop trading with Germany in 1945 must stop us from trading with South Africa in 1985."

"We are fighting for citizenship for South Africa," he said.

Among the legislators assembled were 14 mayors of the largest cities in the US and officials from 36 cities which have already approved disinvestment legislation, involving billions of rands of public funds.

The legislators said they believed they had powerful leverage and this would be used to urge all pension funds to withdraw from US companies doing business in South Africa.

Pittsburgh, Portland and Boston had closed down South African consuls, their representatives told the meeting.



1962 16/10/85

(62)

## Car giant GM denies rumours of pull-out

Staff Reporter

THE sales war between South Africa's car companies has taken a nasty turn, with one major manufacturer allegedly spreading rumours that another is about to withdraw.

Full-page advertisements by General Motors, the target of the campaign, recently appeared in the Press to counter the rumours.

### SALES SUCCESS

The managing director of General Motors, Mr Bob White, said: "We are fully aware of the questionable tactics of a major company in trying to discredit General Motors because of our sales success with the new Kadett T-Car and our overall sales improvement.

"We disapprove strenuously and have taken the necessary steps in advising our dealers that the withdrawal rumours are completely unfounded."

General Motors now occupies third position in the combined passenger and commercial vehicle market with sales of 24 970 units for an 11.1 per cent share behind major competitors Toyota, with a 27.8 per cent share (62 851 units) and VW with 25 007 units (11.1 per cent share).

### PARENT COMPANY

Mr Mike Killeen, public affairs manager of GMSA says: "There is no possibility of withdrawal. Our parent company believes that more can be achieved by staying in South Africa.

"We're in a different position to some of the other SA-owned corporations like Samcor, who operate independently.

"GM South Africa is a wholly-owned subsidiary of GM Corporation in the United States and the parent company would not allow us to withdraw.

### PROFITABLE

"GM Corporation does well out of GMSA's custom with Opel and Isuzu for instance, and to close down would deny GM a profitable outlet for their products.

"It has also been suggested that GMSA has appealed unsuccessfully to the South African Government for financial aid, but there is no truth in the rumour."

# US sees few signs from SA after sanctions

WASHINGTON. — Since President Reagan imposed sanctions on South Africa about a month ago, the United States has seen few signs that the South African government had heeded Washington's message.

"I don't think we can draw any real conclusion at this stage as to whether our signals are being correctly understood," said Dr Chester Crocker, Assistant Secretary of State for Africa.

The main impact so far of President Reagan's sanctions, mainly symbolic moves to curtail bank loans and exports, had been to stave off more serious, punitive economic action by Congress.

The sanctions may have effectively resolved the South Africa debate for the rest of this year, but the anti-apartheid bill could be revived in January after Congress's Christmas recess, a congressional source said.

Mr. Reagan reversed his long-held opposition to sanctions and imposed his own on the same day the Senate was due to vote on a package of stronger measures, a move critics say was calculated to avoid a politi-

cally damaging defeat and defuse growing public pressure for a change in US policy.

The congressional source said he believed administration officials "really want to get away from the focus on South Africa" to allow President Reagan to push ahead with pet domestic programmes such as a mammoth tax reform plan.

Dr Crocker, asked whether he believed the US sanctions had contributed to prospects for change in South Africa, replied: "I'm not going to say that we've played no role at all... but I wouldn't argue for a minute that our positions have led the government to do things it otherwise wasn't going to do."

Dr Crocker emphasized that Mr Reagan's sanctions were meant as a signal of US displeasure and not to damage the South African economy. They simply formalized existing commercial practice.

Mr Gary Hufbauer, a private economist and sanctions expert, said more impact derived from decisions by several US states, and dozens of cities and universities to disinvest from American firms doing business in South Africa.

Many US firms have reduced or sold their operations there and the latest Commerce Department figures show that direct US investment in South Africa has fallen from R7 billion in 1981 to R5 billion last year. — Sapa-Reuter

# Control Data Institute - addressing the



Among the first students to graduate from the engineering course at the Control Data Institute was Siphon Zulu.

**A**s a subsidiary of an American-based multinational corporation operating in South Africa, Control Data is aware of the need for social development in the country.

On its own, this is not unusual or unique. What sets the company apart from other American companies in the country, however, is that it achieves much towards this end in the course of its "business-as-usual" operations.

Control Data Corporation - the parent company - has, for many years, had as its business philosophy the belief that it will use the technology and resources at its disposal to "address unmet needs of society" in all the countries in which it operates.

The local subsidiary - which celebrated its 21st anniversary in the country last month - has proved this approach can be profitable.

Managing Director Dennis Mahoney believes there are few countries in the world that offer Control Data as fine an opportunity to implement its business strategy as does South Africa.

From modest beginnings in 1964 in Johannesburg, Control Data has grown steadily, and today operates in Johannesburg, Durban and Cape Town, employing 300 people - of whom about 25% are black.

The company was one of the first to sign the Sullivan Principles, and today enjoys a number one rating on the Sullivan list.

Mr Mahoney stresses, however, that the company does not, and will not, apply any resources to activities aimed purely at gaining Sullivan points.

"The kind of things we have done to achieve our number one rating are the kind of things we would have done anyway," he said.

**A**mong the benefits enjoyed by Control Data's black employees are:

- Assistance in the purchase of property
- The payment of "travel adders" to cover the cost of commuting to and from work, since the Group Areas Act prevents some employees from living close to their work
- Subsidies towards the schooling costs of dependents
- An Employee Advisory Resource program to help all employees and their families cope with job and-home-related problems.

The company also maintains a keen interest in the affairs of Alexandra - where many of its black employees live.

Among projects tackled at Alexandra is the "adoption" by the company of the Skeen Primary School, and the assistance in the supply of books, furniture, science materials, electricity and boards.

Control Data also supports a social worker at Alex, who helps solve residents' health, employment and housing problems.

**O**n a broader front, the products and services supplied by Control Data typify the company's strategy in action.

A classic example of this is Plato - a computer-based education and training system.

The improvement of education and job-related skills is a corner-



## Unique firm is putting back much of what it receives

stone of any effort to bring about peaceful change in South Africa, said Mr Mahoney.

"There is, however, a dire shortage of qualified teachers, trainers and lecturers, and this has created an ideal climate in which to apply Plato to help resolve the situation," he said.

The University of

the Western Cape was one of the first institutions to use Plato in this country.

Today it is the largest installation of its kind outside of North America - having 140 terminals.

Since the system was installed, the pass rate of first-year students - which was very low - has increased by 30%.

The university uses the "outreach" in which students from local high schools based to the where they Plato to their formal

**O**ne of the Plato users is University. project team versity is plans to similar "program for students in the t

In an effort to prove teachers at its five training colleges, phuthatswana ment recently 75 Plato installations.

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Johannesburg Control Data Institute manager Ruth Perrins shows Soweto students how the education system works.

# WE'RE NUMBER 1

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The university also uses the system in an "outreach" program, in which students from local high schools are bused to the campus, where they make use of Plato to supplement their formal studies.

One of the newest Plato users is Rhodes University. The Plato project team at the university is evaluating plans to establish a similar "outreach" program for school students in the Ciskei.

In an effort to improve teacher training at its five teacher training colleges, the Bophuthatswana Government recently installed 75 Plato learning stations.

The Medical University of South Africa which already makes use of Control Data equipment for administration and research purposes, is investigating the use of Plato for

education and training purposes.

The versatility of computer-based education is underlined by its application at the St Anthony's Adult Learning Centre at Reiger Park, near Boksburg.

Here, residents from the area make use of the system both during the day and in the evenings to learn typing, computer programming, sales skills, basic skills and a number of other subjects.

The concept of computer-based training and education is also gaining wide acceptance in the commercial and industrial sectors.

A number of businesses make use of Plato, for example, to deliver training material in a wide range of fields to their employees.

The system is increasingly being used

to upgrade the academic skills of employees, many of whom were not able - for various reasons - to complete their formal schooling.

Control Data also operates a computer-career training centre in Johannesburg, where young people of all races can learn computer operations, programming and engineering.

There is a shortage of these skills in the country, and the hundreds of graduates from the Control Data Institute have had no difficulty at all in launching their careers in computers.

Health care is another area in which Control Data is active.

The company participates in the sponsorship of two mobile health clinics - which focus on preventive health care through education - operated by Baragwanath Hos-

pital. The clinics teach basic medical and dental hygiene, nutrition and child care to residents of Soweto and surrounding areas.

Control Data computer equipment is also used by a number of organisations whose activities have a bearing - in one way or another - on the well-being of South Africa's people.

The Council for Scientific and Industrial Research undertakes research in building, foods, water, timber and oceanology using its Cyber mainframe.

Escom uses Control Data mainframe computers for most of its engineering calculation requirements.

Escom is also the world's largest industrial user of Plato, which is used for the training of employees of all races in subjects such as power station operation.

Like its parent company, Control Data is a firm believer in forming joint ventures to address particular situ-

ations. To this end, the company is working on a feasibility study to form a consortium of American firms to create a comprehensive education, training and job creation project for black people in South Africa, according to Mr Mahoney.

"I am convinced the presence of Control Data and most other US companies in South Africa has been, and continues to be, a significant force for improving life for black South Africans and bringing change," he said.

## All out to fulfil their social responsibility ...

CONTROL Data (Pty) Ltd, the South African subsidiary of the American multinational company, Control Data Corporation, is the sponsor of the series of articles on small business which have appeared in every issue of PROSPECTS.

The articles are written by the Small Business Development Corporation and they are designed to help people start their own businesses and iron out problems for those already in business.

By sponsoring the articles Control Data is helping to promote the development of small business undertakings.

It has provided this service as part of its social responsibility program which extends into many facets of community life - particularly among black people whom it regards as being particularly disadvantaged in South Africa.

The company has a number one rating under the Sullivan Code of employment practice, but it says the programs which won it this high rating would have been done anyway.

This article sets out the company's philosophy and describes some of the projects on which it has embarked.

## ore ways than one



A R40-million township development by a consortium of six private builders, formed to speed the building of housing in black urban areas, was launched in Mamelodi, near Pretoria, this weekend. It is the first major building consortium bringing together business interests which want to build homes in black urban areas. A quarter of the homes will go to individual black buyers and individual home builders. The agreement setting up the consortium was signed by (left to right, top) Mr M A E Nell, General Manager Family Housing Association co-ordinating development; Mr S P Marusela, Secretary of Mamelodi Town Council; Mr J P Nel, Town Clerk of Mamelodi Town Council; and Mr A Rabie, Gough Cooper Homes, chairman of the Mamelodi Consortium; Mr B Ndlazi, Acting Mayor of Mamelodi.

THE LARGEST US companies doing business in South Africa have formed a group which is designed to link up with local businessmen to work out a lobbying strategy for reform.

Called the US Corporate Council on South Africa, the group was started by General Motors chairman Roger Smith and former Secretary of the US Treasury and Burroughs Corporation chairman Michael Blumenthal at a New York meeting on September 11.

The meeting was attended by the chief executives of the 10 companies who are joining forces to set up group. They subscribe to the Sullivan principles on employment practices which stipulate equal treatment for black and white worker.

The companies are General Motors, Burroughs, IBM, Janssen and Johnson, Colgate-Palmolive, Mobil, Citicorp, Fluor, Caltex, and Deere.

Representatives of the companies stated at the meeting that their corporations intended to stay in South Africa.

# US firms

# back

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The US Corporate Council stated that it aimed to influence positive change through dialogue.

The council has invited all other signatory companies of the Sullivan principles - about half of the 350 US companies operating in South Africa - to participate.

Letters have also been sent to inform top South African businessmen on the council's objective:

The local contact points in South Africa have been designated as Burroughs SA, through chief executive Mias van Vuuren and General Motors SA through its managing director Robert White.

Among those who have been contacted in South Africa Pick 'n Pay chairman Raymond Ackerman who said that the move was significant as it showed that top US companies wanted to stay in South Africa and link arms with local business leaders in their fight against apartheid.

He said that the council had indicated that it also wanted to communicate directly with the Government at the highest level.

"This is the first time that US and local business leaders are getting their act together in fighting for change," Mr Ackerman said.

Mr Van Vuuren says that six local business-

# reform

men have responded to the council's call.

A meeting with the US group is planned for next month at a venue either in the US, Europe or South Africa.

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## Keep Prospects in sight

PROSPECTS is a new and exciting communication medium in South Africa designed to get our people and the business community closer together and to improve communication.

It is a channel for businessmen to tell our communities about the opportunities they are providing.

Among the major functions performed by PROSPECTS is the identification of opportunities.

Opportunities for learning and skills training, opportunities for jobs, opportunities for business, and if you are in business, opportunities for overcoming your problems.

In addition, there are advice columns on business problems and on the ordinary man's problems.

Keep opportunity in sight with PROSPECTS - every fortnight with CITY PRESS.

# Sanctions deadline looms

FEATURE

American companies in SA employing more than 25 people have until the end of the year to ensure that their employment practices comply with the principles enunciated by President Ronald Reagan in the sanctions package he announced last month. Failing this, they face a ban on US government export assistance to them in other parts of the world.

But with the deadline just over two months away, the US State Department has not yet indicated precisely how adherence to Reagan's principles is to be monitored.

And a spokesman for the American Chamber of Commerce says he is not unduly concerned that the scheme will have serious consequences for US business because most of the firms which have SA operations already comply with the principles and the penalty for non-adherence is not very onerous.

Reagan's principles, which closely mirror those contained in the Sullivan Code, are that:

- Facilities in all US companies must be desegregated;
- US companies must provide equal employment opportunity for all employees without regard to race or ethnic origin;
- Remuneration systems must be applied to all employees without regard to race or ethnic origin.
- Companies must establish a wage and salary structure based on an appropriate local minimum economic level which takes into account the needs of employees and their families;
- Firms must undertake increasingly to place employees who are disadvantaged by the apartheid system in managerial, supervisory, administrative, clerical and technical jobs to increase significantly their representation in such jobs;
- Reasonable steps must be taken to improve the quality of employees' lives outside the work environment with respect to housing, transportation, schooling, recreation and health; and
- Fair labour practices must be instituted which recognise the right of all employees, regardless of race or other distinctions, to organise, form, join or assist labour organisations, without penalty or fear of reprisal. The right to refrain from such activity must also be recognised.

According to guidelines received from Washington by the US embassy in SA, companies which have not become signatories to the Sullivan Code will be encouraged to do

so. To determine whether American companies are complying with Reagan's fair employment principles, the US will rely, at least in part, on the regular reports produced by the Sullivan auditors, Arthur D Little Inc. The intention is that this will obviate the need for the US government to set up a bureaucratic structure to do the monitoring.

But according to a spokesman at the US consulate in Johannesburg, the process of drawing up full regulations to implement this section of Reagan's executive order has not been completed. And regulations on how non-signatories to the code will be assessed still have to be promulgated by the State Department.

### Other difficulties

The State Department also faces other difficulties. Some of the principles, for instance, will be difficult to assess quantitatively. Others are less specific than the Sullivan Code itself.

For example, the Sullivan standard on wage and salary levels is that the minimum wage in particular geographic areas should be at least 30% higher than two regularly-published guidelines — the University of SA's Minimum Living Level and the University of Port Elizabeth's Household Subsistence Level. It is unclear whether Reagan intends to use the same criteria.

The State Department will also have to clarify exactly which US companies are covered by the order. Employers of 25 or fewer workers are exempted.

But there are scores of subsidiaries where less than 50% of the equity is owned by the US parent company. Where is the cut-off point? And in some cases ownership is indirect, through a subsidiary operating in another part of the world.

Sullivan Code signatories employ 60%-70% of the total number of people working for US companies in SA. In the last Sullivan Report, issued in October 1984, 115 US subsidiaries were evaluated. Of these, 83 were categorised as "making good progress" or "making progress" in implementing the codes' requirements.

The report lists 123 US companies with more than 10 employees which are not signatories to the code. It is not known how many of these have more than 25 employees and are therefore covered by the executive order.

Commenting on the executive order, American Chamber of Commerce executive director Ken Mason says that US companies in SA, which employ about 120 000 people, have generally made great efforts to develop their employment practices.

He points out that they have spent large amounts of money on social programmes — R100m on social and economic welfare

schemes and R11m on training employees. (These figures include expenditure by companies which have not signed the Sullivan Code.)

Mason describes the intent behind this section of the executive order as "meaningful." Companies whose employment practices are not presently in line with the principles are likely to attempt to remedy the situation.

But, he says, the depressed state of the SA economy means that there will be some US companies which will be unable to meet these standards.

He estimates that adherence to the code could add about 10% to the average company's pay package now — up from 3.5% when the code was first introduced.

The consequences for financially strained companies are, however, not likely to be serious. In general, export assistance from government "is not a dominant factor in determining whether a company breaks into the export market and has not been meaningful in assisting US exports," says Mason. And firms exporting to SA itself do not use US government financial export assistance at all.



Amcham's Mason ... penalty for non-adherence not serious

US bosses  
back SA  
initiative

Staff Reporter

THE US Corporate Council on South Africa (USCCSA) has given its support to 91 South African business leaders who joined forces to support the "politics of negotiation" and reject violence as a way to effect change.

The USCCSA says it supports the ideas and initiatives of the group of "responsible businessmen" and will play an active role in peacefully achieving the goals announced by the business leaders on September 29 this year.

The USCCSA placed a full-page advertisement in yesterday's Sunday Times pledging its support to the businessmen.

The advertisement carried the signatures of the two co-chairmen of the US Corporate Council on South Africa, Mr W Michael Blumenthal, chairman of Burroughs Corporation; and Mr Roger B Smith, chairman of General Motors Corporation.

Members of the steering committee and the council are all top executives of international companies, such as IBM Corporation, Caltex Petroleum Corporation, Mobil Corporation, Xerox, McGraw-Hill, Deere & Company, Colgate Palmolive Co., Coca-Cola and the Chase Manhattan Corporation.



IBM <sup>(62)</sup> <sup>5. Day</sup> intends to remain in SA <sup>3/10/85</sup>

LESLEY LAMBERT

IBM has endorsed its commitment to remain in South Africa and play a part in the process of meaningful change, according to the computer giant's management-services director Peter Riches.

He was responding to an article in a *Business Day* supplement which stated that IBM in the US would consider withdrawing business operations in SA unless there was significant political reform within the next two years.

"I spoke to our US company yesterday and can confirm that this statement was never issued. IBM's position in South Africa, and through its US parent, has been consistent. We intend to continue to do business in South Africa."

Like any company, IBM had to make a profit on its operations and the fact that the rand had seriously affected IBM's SA profits could not be taken as a threat to leave, said Riches.

IBM has also spoken out on political change and has recently appeared in advertisements in SA newspapers, together with 90 other companies, calling for specific reforms.

□ *Business Day* regrets and apologises for any inconvenience its incorrect statements on IBM's intentions in SA may have caused. The source of the statement is unable to substantiate it.



Mr Clarence Hodges

# 'US firms in SA must do more for blacks'

62  
Star  
1/17/85

By Mike Siluma

American corporations in South Africa should use their influence to help bring about political and social change in South Africa, a top Reagan administration official who is currently on a visit to this country has said.

According to Mr Clarence Hodges, the Deputy Assistant Secretary of State for Equal Employment Opportunity and Civil Rights, failure to do this would lead to increased pressure by South African blacks for the withdrawal of such corporations.

Mr Hodges said South African-based American companies must show evidence that they supported a fairer dispensation for blacks.

Noting that these companies used their political influence to solve business problems any way, he said business should now use its influence to solve problems outside the workplace. Business could not ignore the current social crisis as it had a negative effect on the business climate, he added.

Responding to criticism by some unions that codes of conduct, such as the Sullivan Principles, had failed to improve the lot of black South Africans, Mr Hodges said if workers were not satisfied with the employment codes the codes would have to be reviewed.

He rejected arguments that the involvement of American companies in South African political or social issues constituted interference in this country's domestic affairs. Such involvement was acceptable and expected where it was in the interests of employees and a healthy business climate.

"The moment you open up business in a country, give jobs to its citizens and pay taxes there, you are getting involved in the affairs of that country," he said.

Addressing the question of black managerial advancement in the corporate world Mr Hodges said while there had been some movement on this front, blacks were dissatisfied with the pace at which change was effected.

"We need to have evidence of blacks who are in positions where they have authority and the responsibility for decision-making. That has not happened enough," he said.

He said companies had to offset the disadvantage of inferior education for aspirant black managers by providing them with on-the-job training, seminars and counselling.

It did not follow that someone with a good education would make a good manager. Just as some whites with good academic qualifications made poor managers, some blacks without a good educational background had the potential to be good managers.

And to accelerate the movement of blacks up the managerial ladder companies would have to adopt a strong attitude against those whites who resisted the process.

"People who refuse to accept corporate policy should be asked to go and work elsewhere.

"When whites refuse to work for blacks you treat them the same as you would blacks who refuse to work for whites. People have to learn to work together for the benefit of society," Mr Hodges said.

Current attitudes on disinvestment in the US were not as strong as of recent times.

"There is a wait-and-see attitude now that President Reagan has imposed limited sanctions against South Africa. Most people, however, feel that if this does not work there should be more sanctions against your country," he said.

# Sullivan lauds US companies in SA

By Neil Lurssen,  
The Star Bureau

62 ~~Star~~ Star  
2/11/85

WASHINGTON — In spite of the worst economic recession in South Africa since the Thirties, American companies operating there had done much to provide equal opportunities and facilities for all their workers, the Rev Leon Sullivan said in Washington yesterday.

Mr Sullivan, a black preacher and social activist, presented the ninth report on the Signatories of the Sullivan Principles, the employment code that is named after him.

He said that the report was the most encouraging one since the principles were established. Much had been achieved.

But he warned that unless "statutory apartheid" were ended by May 31 1987, he would demand that all US companies withdraw from South Africa.

"Time is running out," Mr Sullivan said.

Despite the recession and a severe decline in profits, US companies had increased their efforts to meet the needs of employees and their communities.

"I will continue to demand that US companies do more. I will continue to raise the standards of performance higher and higher. I will continue to advocate that US companies must shape up or ship out," Mr Sullivan said.

But he had to acknowledge that the American companies had made great strides. Among other things, they had adopted 250 schools serving 200 000 students, provided 9 000 scholarships, designed teacher-training programmes, and established massive training programmes to propel blacks into positions previously reserved for whites.

In the past year, the number of Sullivan signatory companies had grown by 50 percent and all but one of the reporting companies had desegregated all its facilities, he said.

All but three companies had reported equal pay for equal work and many had taken part in activity aimed at ending apartheid.

However, one weak area in the report was a significant drop in the number of blacks appointed to supervisory jobs.

Mr Sullivan said he would attend a meeting with signatory companies in a few weeks to discuss a wider implementation of the broadening of the principles.

## Big firms target of churches

The Star Bureau

NEW YORK — Twelve US corporations have been selected as targets of a new campaign to make them withdraw their alleged support of the South African economy and Government.

The companies — Burroughs, Chevron, Citicorp, Controldata, Fluor, Ford, General Electric, International Business Machines, Mobil, Newmont Mining and Texaco — are all accused of supporting apartheid.

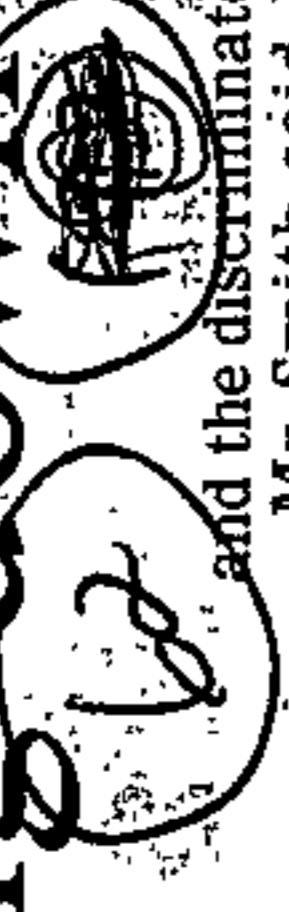
The Interfaith Centre for Corporate Responsibility, representing Protestant and Catholic churches, has called on the 12 corporations to end sales and service relationships with the South African government.

"Our goal is no longer to encourage US corporations to ameliorate the efforts of apartheid but to play their part in dismantling the system," said Mr Timothy Smith, executive director of the centre.

He said the campaign would use previously effective methods to make corporations' policies respond to their demands.

These would include shareholder resolutions and meetings with corporate leadership.

# GM is 'going down' there to help people,



2/11/85

By Neil Lurssen,  
The Star Bureau

WASHINGTON — The chief of General Motors, Mr. Roger Smith, has said in a newspaper interview in Washington that South Africa's problems did not necessarily have to be solved with a one-man, one-vote arrangement.

Mr. Smith, who is co-chairman of the US Corporate Council on South Africa — a new group of American chief executive officers which seeks to help South African businessmen promote racial reforms — told the publication *USA Today*:

"Now my own personal feeling is there doesn't have to be a one-man, one-vote type of thing — there can be other forms of representation.

"Other countries have done it. I don't think you have to go that far to get what needs to be done. But again, it's something we have to work out.

"We have got to abolish the statutory rules

and the discriminatory foundation of apartheid." Mr. Smith said he thought black workers would be happy if they understood that the corporate council wanted to get them freedom and at the same time hold out some promise of a hope of prosperity for South Africa.

"We understand that there are people down there who have just gone over the red mark on the needle of patience. I don't know if we are going to reach those people, but I hope there are people whose mothers, fathers, sons and daughters are looking for a peaceful solution," he said.

"What good is the end of apartheid to a black guy if it just gives him the right to starve to death?"

His group was trying to keep South Africa's business systems and commerce and industry intact. There would still be an enormous problem feeding all the people.

Asked about signs of a depression in the South African economy, Mr. Smith said: "That could be as serious as some of their other problems. So there has got to be a way we can get this thing

(reform) done and come out of it where everybody wins.

"We don't want to reach a point where everybody is going to starve to death."

Mr. Smith said that General Motors had about 5,000 employees in South Africa. There were dealers, families with their whole lives tied up with General Motors.

If his company quit South Africa, it would be abandonment, not disinvestment.

"I don't think we can abandon the people down there. That to me is not the right thing to do."

Mr. Smith said he was not acting to protect his company's supply of South African metals such as chrome.

"There are world stocks of some of those metals around," he said.

"I really don't think that is something we regard as key in what we're doing. We're not going down there to protect our metal supply.

"We're going down there to help people."

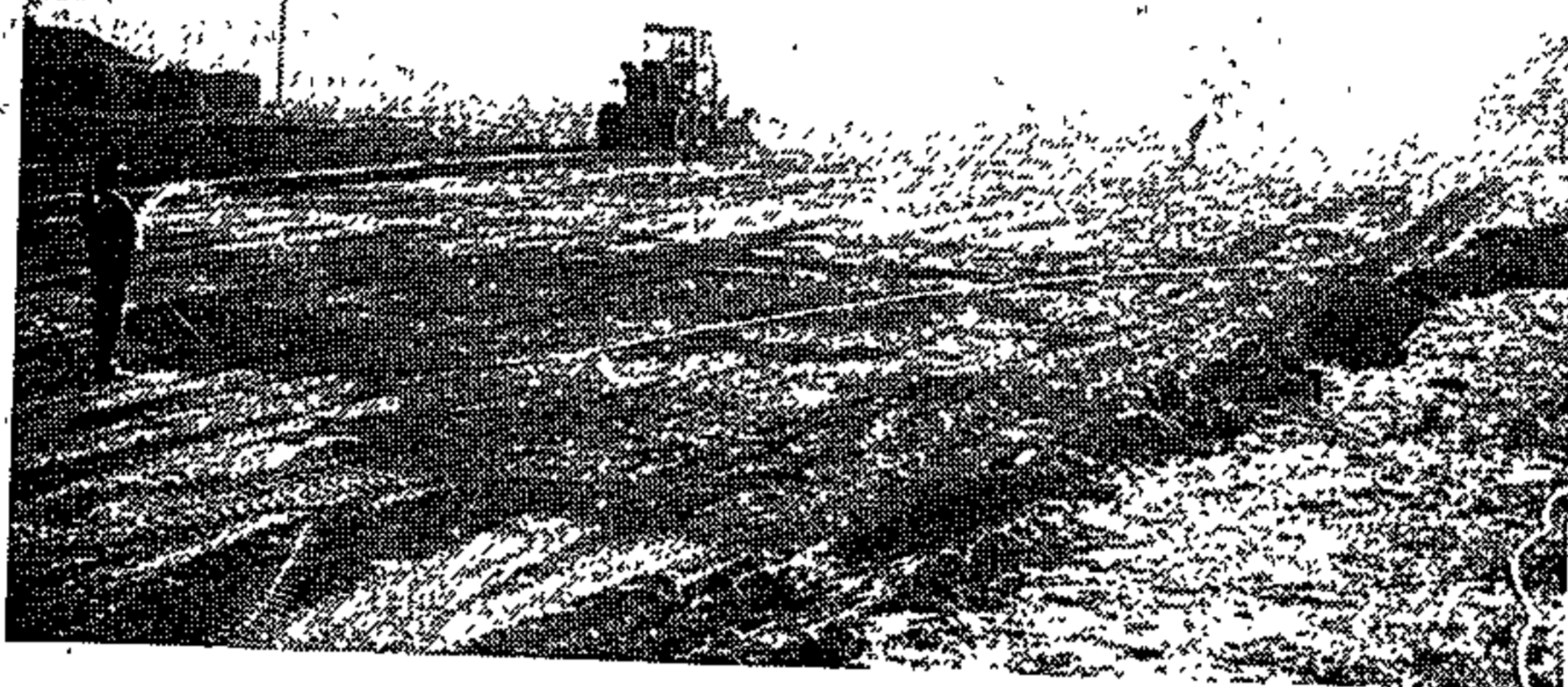
# Caring's part of the chemistry



Children explore the library at one of Eli Lilly's "adopted" schools.



This playground equipment was donated by the company to a crèche it supports.



Excavations for a soccer field at one of the three schools supported by Eli Lilly.

ELI LILLY, one of the world's largest pharmaceutical companies, has announced its intention to stay in South Africa and to increase its involvement in the country.

"We are here to improve life," the company's Corporate Affairs manager, Louis Odendaal, said.

"The whole community uses our products and we believe in making training programs one of our top priorities.

"We don't only encourage our employees to develop themselves - but also try to help their dependents in the townships."

Eli Lilly SA has involved itself in a number of community programs as part of its worldwide community involvement.

Under its "Adopt a School" program it supports three schools - two in Tembisa and one near Heidelberg - practically as well as financially.

"Our aim is to help the schools help themselves," said Mr Odendaal.

"We have built a tuckshop at one of the Tembisa schools, where we are encouraging the Parent-Teacher Association to run a small business.

"We have also provided them with a soccer field and an athletics track."

The company is a member of the East Rand Continuing Education Program, which has established an in-house educational program to enable black employees to attend classes twice a week to improve their educational qualifications.

"We also have commu-

## Feeding body and mind

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3/11/85

nication and management courses which enable even the lowest level supervisor to take part.

"It gives them a better understanding of people and teaches them how to cope with different situations," said Mr Odendaal.

Mr Odendaal is a member of the communications and educational sub-committees of the newly-formed East Rand Industrial Network, an organisation of 25 companies which identifies and tackles projects on a group basis.

Erin is spending R350 000 on launching a school at Spartan, near Kempton Park, where 150 matriculants will have the opportunity to obtain matric within one year to improve their teacher qualifications.

A few days ago, Erin opened a health care centre in Tembisa, which cost more than R100 000.

The company has a fair employment policy and integrated facilities for its workforce of 180, of whom 50 are black.

It has an integrated canteen, a new recreation room and lecture halls.

It has adopted a philosophy of community commitment and a high degree of staff involvement.

This extends to wall plaques praising individual achievement and congratulatory messages on staff notice boards for birthdays, marriages and births.

It has an active social club with after-hours braais and there are regular squash, darts, snooker and table tennis contests.

The company has been in SA for the last 50 years, producing products aimed at the world's two most urgent problems - health and hunger.

It was founded in Indianapolis in the US in 1876 to produce ethical medicines from original research.

The company has expanded into agriculture in the last 25 years. In this sphere it produces additives for stock feed to improve the quality and quantity of food production.



Off to movies ... Bust and Reginald no longer have to stare longingly at posters

Picture: JUHAN KUUS

# U.S. firm aids black kids to move into the '90s

A MASSIVE campaign to teach thousands of black children to read and write English by 1990 was launched this week by an American company — at a cost of R20-million.

But the motivation behind the generous grant is not entirely charitable, says IBM programme manager Mr Toitjie Cilliers.

There's also a sound business principle involved. The giant computer corporation believes whatever finances are ploughed into underprivileged sectors of the population now, will be returned by way of corporate profits in decades to come, by the creation of a literate, affluent society.

"Obviously that is only a minor part of the motivation as an American company working in South Africa, we

By JEREMY BROOKS

have taken the principles of the Sullivan Code very seriously and are also aware of our corporate responsibility to the community in which we operate," Mr Cilliers said.

## Oversee

The computer programme, "Writing to Read", kicked off this week with the arrival from America of four black teachers, seconded by the Department of Education and Training, who will oversee its introduction in schools across the country.

The teachers, from Port

Elizabeth, BophuthaTswana, Soweto and KwaZulu, have been on a six-week training course in Washington DC, Florida and North Carolina.

The "Writing to Read" course is causing a revolution in traditional education circles.

Developed by an American, Dr John Martin, it makes use of a "talking" computer, which reads back to the child what it has written.

The system teaches children to associate sounds from the computer with pictures on a display screen.

Once they have mastered the sounds, children can

begin writing words, sentences and stories.

Dr Martin, a computer scientist with 35 years' experience in the field of children's learning, was convinced that children best learn to read by first being taught to write.

## Amazing

The results, said high school science teacher Mrs Beatrice Mokoena — one of the team sent to America — were amazing.

"I came across five and six-year-old Grade 1 children who can think, read and write with a clarity and logic

better than some of my Standard 6, 7 and 8 pupils in South Africa," she said.

"Literacy in the '60s was not too bad, the '70s was worse, and with the '80s we've hit rockbottom," Mrs Mokoena said.

She pointed out she was experiencing the trends in her own family — while her eldest was reading for a PhD in surgery at Oxford, the youngest were having problems passing matric.

Mr Cilliers and Mrs Mokoena both agree fears that "Writing to Read" fails to bridge a cultural gap between the South African child who does not speak English and his counterpart in America are valid.

However, they point out that the first two years of the five-year programme are designed to pinpoint areas which can be modified and improved for local conditions.

What those two years will produce, no one knows. "Writing to Read" has until now never been used outside America, although arrangements are being made to use it in Puerto Rico.

employment first : --  
Stop Order facilities for subs : --

# Burroughs is staying in SA

.62

B. Day 7/11/85

BURROUGHS Corporation, third-largest computer manufacturer in the US, has stated to *Business Day* that it plans to stay in South Africa and remain a force for peaceful change.

This follows reports in US newspapers that Burroughs chairman Michael Blumenthal had revealed the existence of "contingency plans" to close Burroughs SA if the situation in the country deteriorates.

The statement — issued by its US head office via a telephone Press conference between the company and *Business Day* in SA — contradicts Press and corporation reports from the US in the past few days.

By LAWRENCE BEDFORD

The confusion resulted from several factors, according to Burroughs vice president (communications) Jeanette Lerman.

These include:

- A report in the *Detroit Free Press* that used remarks made by Blumenthal about its Sullivan Code-adhering SA operation "out of context".
- The "false impression" about imminent disinvestment conveyed by this report was, it seems, compounded by Burroughs director of news relations Irving Geller, when contacted by other news organisations.

### Weekend Argus Political Staff

MILSID KUHN, 35, is an electronics whizz who maintains high-tech computers for the American firm of Hewlett-Packard.

He is also a statistic, one of an estimated 600 000 South Africans who could face severe repercussions if the disinvestment and sanctions campaign ever has the effects foreseen by the anti-apartheid lobby.

This product of Saint Columbia's school in Athlone, Cape Town, started by fixing photographic equipment and moved on to become a repairman of accounting machines and computers before joining Hewlett-Packard, a world leader in computers and calculators.

The firm flew him to Silicon Valley in California for a three-month course on their HP 1 000s and today he is titled "customer engineer".

The job involves work on highly technical computers such as those used by scientists and universities.

### Sullivan Code

The company is a subscriber to the Sullivan Code and pays, according to a senior executive, extremely good money to those who perform — irrespective of race. It also enables employees, such as Mr Kuhn, to grow in the job through on-going training schemes.

Mr Kuhn regards Hewlett-Packard as much more professional than any South African company he has worked for and notes that the employment conditions are very good.

He is sanguine about sanctions and disinvestment, because Hewlett-Packard is one of the very few US corporations which has announced it is here to stay — in spite of the disinvestment campaign.



Electronics whizz Milsid Kuhn

Earlier this year 284 US companies had direct investment here. Since then 18 have ended or reduced their South African business links.

One French fatality on the local market this week was Peugeot and forecasts are Renault may also close down.

Direct foreign investment totals about R42-billion. But to put it in perspective: this is only 10 percent of total investment here. John MacLennan looks at The Hassle Factor.

This compares with other companies, mainly American, who are either rethinking their situation in terms of the moral, political and economic pressure they face... or who have already pulled out. Thirty firms left South Africa between 1980 and 1984.

Professor Robert Schrire, who heads UCT's Department of Political Studies, believes they and the country are victims of what he terms a "simple moral fable" which goes something like this:

### Disinvestment

"The white racist Government is suppressing the black majority and the whites won't change. They see the struc-

ture as being supported — albeit unwittingly — by US companies who pay taxes. And they see the only moral action to be constructive disinvestment."

All this intensifies the Hassle Factor.

He was told by one executive: "Although I am in charge of a company with operations in 97 countries around the world, 110 per cent of my time is spent on South Africa."

The problems faced by American companies who operate here cover a wide spectrum and include social pressure (as evidenced through clubs and churches), demonstrations, campaigns and boycotts (activist Jesse Jackson caused great headlines with "Don't Choke On Coke").

In New York, "the Mobil building is literally like a fortress. It makes airport security look like child's play."

The United States and our main European trading partners — which together account for more than 90 per cent of foreign investment here — have already decided on limited sanctions or accepted the principle of doing so.

Many companies might be willing to stand up to this sort of pressure if it was lucrative to do so, but it no longer is. They arrived in the 50s and 60s when South Africa experienced incredibly high growth rates and the strong rand provided profits which looked

good on balance sheets abroad.

### Rand plunged

Then the rand used to be worth 130 cents. Today it has plunged to 38.

So foreign investors now face a Lil' Abner-type triple-whammy of three negative factors: moral, political, plus economic.

He takes a grim view of the future. "This country has no future whatsoever unless it can dramatically increase the rate of job creation. There is also no chance of a settlement unless there is a decrease in the inequality between the various races... pensions, wealth, land."

"The disinvestment process, even if it lowers the growth rate by only one percent, dramatically reduces our capacity to resolve these twin problems."

On the plus side: Major companies are unlikely to disinvest because it would cost them so much. "If they decided to go out in the short term the rate could go down to 15c. Smaller concerns are much more likely to disinvest because their holdings are much more marginal and their involvement much more recent."

Professor David Rees, of UCT's Business School, patted the government on the back for some recently announced measures — such as putting money back in the economy which will create consumer demand and save some businesses from going to the wall — but had a pessimistic view of our economic future.

He identified the outflow of funds as an obvious and major problem. "... they don't have much confidence in South Africa. Nor do they want to be accused of supporting this regime."

"Foreign investors have two requirements. They want a decent return on their money and they want to avoid political problems. They are getting neither."

His prediction: "South Africa's markets will slowly close up. It will become more difficult to import or export. Our foreign exchange is being pre-empted to pay off loans."

Mr Kent Durr, Deputy Minister of Trade and Industry, describes this week's Peugeot pull-out as the result of normal market forces. "We are unique in the world with so many motor contractors and manufacturers. The market is just shaking itself out."

### Not rebuilt

On the question of a counter economic strategy, he says the Government can but put its view, which is that you cannot just turn an economy on and off like a tap.

"This is the lesson of Africa. Some countries have destroyed their infra-structure in search of liberty, never to be rebuilt."

He describes the economy as the engine of reform to raise standards of living and meet aspirations.

The engine, he believes, is about ready to start up again.

"Next year, we expect a growth rate of three percent, from a negative growth rate of 10 percent."

No. 205



# General Electric talks start

SA GENERAL ELECTRIC MD James Douglas confirmed yesterday that negotiations were taking place between local employees and the US parent company on buying out the local subsidiary.

However, he added that while discussions were taking place nothing was near the signing stage.

"We cannot finalise the deal until the whole restructuring of the operation is complete and until we get firm financial commitments," he said.

He expected the end-result to show four companies operating under separate management.

ALAN PEAT

splitting GE's present operation into the most appropriate divisions.

"But the companies will still have complete access to GE international. All four could be backed by GE on technological research and development, maintenance of units, supply of parts and licence agreements. And the companies would still be involved on a buy-and-sell basis distributing from overseas GE sources.

"It would be business as usual under new ownership, with profits retained here in SA."

SA GE's current set up is: Owl-

ership of electrical workshop operation Reid and Mitchell; manufacture of capacitors and lightning arrestors a major relay contract with Escort, in association with GE in the US, separate divisions in plastics and medical systems; locomotive business in consortium with Dornier, and an information systems office tied in with GE's international Geisco operation.

President of the American Chamber of Commerce (Amcham), Fred Lubke said this could be the start of a chain reaction.

"No, even American-owned company in SA is going well, and this could influence any number of companies in disposing of their SA assets."

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DAVID HEXTER

# Life in the pressure-cooker

In the face of mounting pressure on Citibank to pull out of SA, the bank's new CE, David Hexter, is adamant that his new posting is more than just a mopping-up operation.

"Citibank has been here for 26 years and built up a profitable business," says Hexter. "We intend staying here and continuing to make loans to private sector clients. In the context of the moratorium, we aren't making new dollar loans, but we are continuing to make new rand loans to the private sector."

But back home, NYC Mayor Ed Koch is threatening to withdraw the city's deposits from the bank, pickets are the order of the day and a recent application for a trading licence in Washington was turned down — some say because of the bank's SA connections.

After only two weeks in SA, Hexter (36) is well aware that he is going to be treading a daily tightrope trying to convince the bank's local customers of its genuine commitment to remaining here, yet ensuring that the repercussions of political lobbying by NY shareholders are avoided.

"Part of my brief is not to make a mess of a delicate situation," he says simply. "We're here and we're not embarrassed or ashamed about it but that's only one part of the equation. We have to be a force for positive change on the social and employment front and we believe we can be."

"We'll do this by ensuring an environment in which progressive employment practices are advanced. We have to avoid generating the image of a fat-cat bank skimming profits off apartheid and have to use every opportunity to talk to business leaders and government representatives to reiterate Citicorp's abhorrence of apartheid."

British born Hexter, an Oxford PPE, and a MBA graduate from Cranfield School of Management, has been with the bank since 1970,

his entire working life. He spent five years in Greece where he was responsible for corporate banking activities and the last three years in Britain where he ran the bank's commercial banking activities.

Poker-faced response to awkward issues is clearly another skill he has picked up along the way. "I don't know," is his favourite deadpan answer. "I have no more information than the general public about the debt rescheduling talks. They'll depend on the balance of payments," he says.

"I don't know if Citibank will be making political demands. It's an unfair question. I don't even know if the other banks will make political demands. There isn't a homogenous stand. The European view might be entirely different from the US view."

Nonetheless, he actually blushes when asked about the extent of Citibank's loan exposure in SA before and after the moratorium. "It's competitive information," he says. "I'm not being coy, but it's such a sensitive issue please don't press me on that."

"The difference between the SA moratorium and moratoriums imposed on other countries is the lack of structure," he explains. "There's no committee or formal body representing the banks as in other rescheduling exercises. It's very informal and ad hoc which means there are no minutes I can refer to. Everything I know is third hand, so it's difficult to say what will eventuate. We'll just have to wait to find out the rules of the game."

Nonetheless Citibank, with operations in 95 countries, is in SA for good reason. "The SA operation makes a substantial contribution to profits," Hexter says, "and I believe we can continue to run a profitable operation if we maintain our excellent client base of 200-300 carefully selected companies. My objective is to continue our tradition of selectivity which reflects our competitive advan-

tage and promotes our strengths. We are particularly good at problem solving, treasury management and electronic banking."

Hexter insists that the bank has not called in any of its corporate loans except for economic reasons. "Our customer base is in very good shape and the quality of our performance is up to Citibank standards worldwide, in terms of the quality of credit. SA is a substantial economy though it's had some decline in growth. It's a bad depression but it's all relative."

Will the SA government be able to placate foreign opinion so that lending will normalise? "It didn't take long for confidence in SA to be knocked," he says. "So if reform was communicated and manifested in improvements, perhaps confidence might return."

The problems that lie ahead are likely to sorely try Hexter's banking skills but one of his top priorities is solving a personal problem — just how to organise his forthcoming wedding to a British management consultant. This will probably take place in SA. Hexter was given a month to tie up his affairs and ease his way out of his post when predecessor Tim Wood was recalled with two weeks' notice: "When Citibank makes changes, it doesn't waste time and Tim had been here four years."

How did Citibank persuade Hexter to come to SA? "I think it's one of the most exciting jobs in the bank," he says, "no hardsell was needed. The attention of the entire world is focused on this country, and I think that being part of the process of political and economic change is a once-in-a-lifetime experience..."

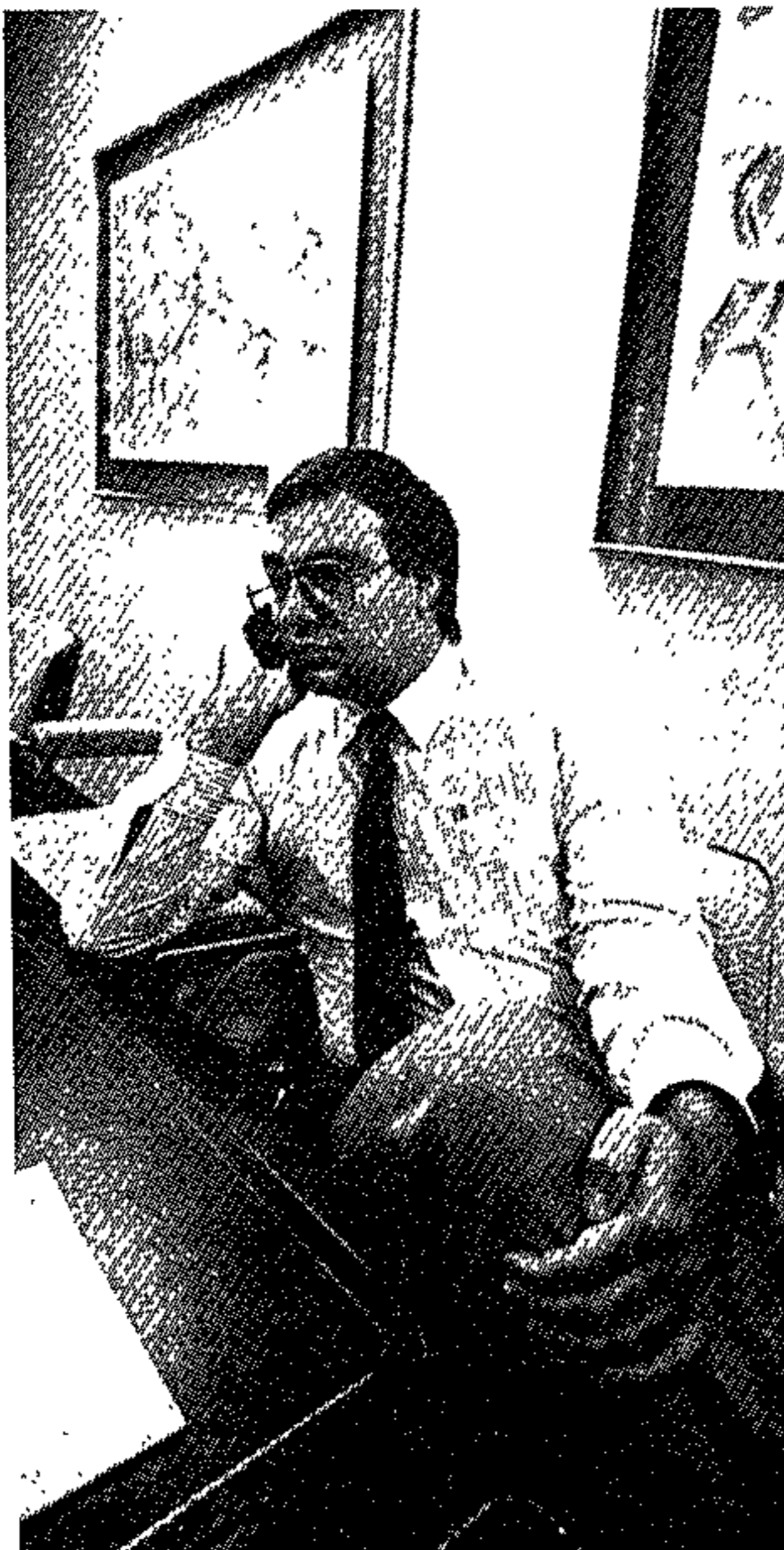
DAMMY WATT

## Identity crisis

Image is a potent thing, Rand Mines has found. Under Chairman Dammy Watt, the group has undertaken a new corporate identity programme which returns its historic name, dating back to the last century, to the JSE boards.

Incorporated in 1893 in competition with Cecil John Rhodes's Gold Fields, Rand Mines was effectively delisted by the Barlow takeover in 1971. Transvaal Consolidated Land & Exploration (TCL) remained the group's public holding company. Now TCL has been renamed Rand Mines.

"Rand Mines is Rand Mines again," says Watt, whose predecessors include randlords like Sir Julius Wernher, Friedrich Ekstein and Lionel Phillips. "I hope the change will



Hexter ... reiterating Citibank's abhorrence of apartheid



Watt ... a change in name

give an increased sense of uniformity and cohesion to those working within the group, and clean up any confusion as to our identity in the public mind."

After 1971, Rand Mines operated as an investment vehicle within Barlow Rand: "At the time of the merger, Rand Mines had a number of other interests besides mining, including stainless steel, ferrochrome and cement. These were redistributed within Barlow, and Rand Mines rapidly became known as Barlow's mining division."

But while it was still Rand Mines to those who had known the group a long time, to the public, TCL, with 75% of its equity held by Barlow, was not well known. "We began to feel we had a problem with our corporate image — there was confusion as to who we were. Instead of simply following our intuition, though, we commissioned researchers Campbell, Bellman & Singer to check our image."

The researchers' report confirmed that

nical assistant, had a spell at City Deep, then went back to head office as consultant metallurgist. In 1972, Watt became a manager and director of Rand Mines. Between 1982 and 1984 he was deputy chairman and in April 1984 became chairman.

Present expansion plans, Watt says, include the development of the Khutala coal mine to serve Kendal power station, and the Majuba colliery to serve the power station of the same name: "We're looking for opportunities to expand. We're in a strong position, with profits up by a third in spite of a high tax bill and the weak rand."

The group has also moved from being predominantly a gold mining house to one which places greater reliance on coal for profits. "Coal contributes more than half our income. However, the four large gold mines in which we hold equity are huge operations. Harmony, for example, is probably the country's second biggest underground operation. With its 30 000 people, it employs more than

there was indeed confusion — obviously not severe in financial circles, but "among government, suppliers and the general public there was a muddle as to our identity."

The group decided to change its name and make a publicity splash about it. There was no doubt what name would be chosen, Watt says firmly: "Rand Mines connotes an invaluable history. We were one of the first groups to undertake deep-level gold mining, we contributed major innovations in rock mechanics, in the introduction of the cyanide process, in introducing medical consultants for workers. SA's uranium was discovered in our labs, and recently Rand Mines pioneered the use of ice to cool underground workings."

Watt joined Rand Mines 35 years ago, after qualifying at Wits in chemistry and mathematics. "But I tired of analytical chemistry and, via additional on-the-job studies, qualified as a metallurgist." He worked at Blyvooruitzicht as uranium plant superintendent, at head office as a technical

our entire coal division." Another group gold mine, ERPM, recently announced an expansion which will extend its life for 50 years.

Before 1971, says Watt, Rand Mines' interest in coal was small: "It was a kind of stepchild, not the substantial operation it is now. After 1971, our coal interests really took off with the rationalisation of the Douglas operations at Witbank. We tendered for and got the Escom contract to operate the Duvha coal mine to supply the power station. In a joint operation with Shell, we began strip mining operations at Rietspruit, becoming the first mining house to undertake its own strip-mining. And with BP SA, we developed and managed Middelburg Mining Services."

Doesn't Watt feel regret that the group of whose history he is so proud has come under the Barlow umbrella? "Not at all. In fact, the merger with Thomas Barlow to form Barlow Rand was the beginning of Rand Mines' revitalisation. The group needed the approach of men like Punch Barlow and Mike Rosholt, who told us to stick 'o our knitting — to stop diversifying, and stick to what we know, which is mining." ■

#### ED FINKELSTEIN

### Megabuck buyout bid

Not long ago, Edward Finkelstein, chairman and chief executive at R H Macy & Co, was probably regarded as *the* top American retailer. His innovative and creative approach to business had brought about a miracle in merchandising which other retailers were quick to copy.

Finkelstein (60) claimed that by attracting affluent customers, using aggressive marketing and chic, high-tech promotion methods, he could eliminate downturns. And he succeeded in turning Macy's around — from being a sluggish, mediocre performer into a market leader.

But in August, Finkelstein announced the worst results in a decade for Macy's. Just a month later, he shocked analysts and stockbrokers again, this time with a \$3,6 billion private buyout bid. The offer, which is expected to go through in four months, will put control of the chain in the hands of Macy's senior management, taking the focus and pressure off short-term results.

A strong leader, happy to mix with the famous and glamorous for business reasons, Finkelstein maintains a discreet personal profile. In recent weeks he has rapidly gathered critics, but maintained a dignified silence about the "troubles at Macy's."

The bold but expensive strategy to attract swelling numbers of young, fashion-conscious and upmarket customers was not likely to succeed in the lean US retailing climate, the critics contend. Instead of scaling down inventories and cutting prices to move stock, Macy's embarked on a programme to sell private-label merchandise.

Finkelstein brought a touch of theatre and

# SA, US executives meet over apartheid

Argus Foreign Service

LONDON. — Executives from leading South African and United States companies have met secretly here to draw up a strategy to challenge apartheid.

The strategy includes paying for a range of black educational, housing and small business projects.

Details of the meeting, held in secrecy last week, have been leaked in Washington.

Michael Holman, writing in the Financial Times, says the talks are being seen in the US as part of "a major effort to present a constructive alternative to the growing move towards disinvestment from South Africa by US companies".

## Reduced links

Coca-Cola, International Harvester and Phibro-Salomon are among 18 companies which have ended or reduced South African business links in the past year, says Mr Holman.

Some 300 US companies operate in South Africa, representing a total investment of more than \$2.5-billion (R6.7-billion).

According to Mr Holman's informant, the London talks were attended by the chief executives of four of the largest US corporations: Mr Roger Smith of General Motors, Mr Michael Blumenthal of Burroughs, Mr Raleigh Warner of Mobil and Mr John Reed of Citibank.

## "Positive"

The South African delegation included Mr Gavin Relly of Anglo American and Mr Mike Rosholt of Barlow Rand.

Mr Rosholt is reported as saying in Johannesburg that the meeting was part of the efforts by business leaders of both countries to work out a positive business contribution to solving South Africa's problems.

The discussions were organised by the US Corporate Council on South Africa, which was formed in September and consists of executives of companies with interests in South Africa.

All 70 members subscribe to the Sullivan code of business practice.

Officials of the US companies have refused to discuss the London meeting, although General Motors described it as "productive".

The purpose, according to businessmen close to the talks, was to continue efforts to draw up an alternative strategy to economic sanctions and disinvestment, and to discuss a greater business role in efforts to bring about change in South Africa.

Although not directly linked, the initiative coincides with efforts by the Urban Foundation in South Africa to win financial support from US and British companies.

Chief executives of South African, US and British companies are increasingly concerned at the growth of a sanctions and disinvestment lobby in Europe and America.

● In a new indication of hardening attitudes to South Africa, a poll disclosed that nearly half the American peo-

ple want Washington to take stronger action to press South Africa to abandon apartheid.

They also want major US companies to stop doing business in South Africa.

The poll, conducted by the New York Times and the TV network CBS, showed that 44 percent of those interviewed felt the Reagan Administration should be doing "more than it is now" to rectify the situation in South Africa, while 37 percent said it should not do more.

Three percent answered it should do less or nothing, and 16 percent had no answer.

## Township unrest

When the same question was asked in a New York Times CBS poll in June, 37 percent said the US should do more, 40 percent said it should not and three percent said it should do less or nothing. Twenty percent had no answer.

In the latest poll, 45 percent said American companies should refuse to do business in South Africa. Thirty-nine percent disagreed, and 16 percent had no answer.

Poll analysts pointed out that the percentage increase over the previous five months was relatively small given the wide TV and newspaper coverage of township unrest.

# US firms withdraw \$5 billion from SA

*CAPL Times Africa 62*

WASHINGTON. — United States institutions have withdrawn more than \$5 billion (R12,5 billion) worth of investments from corporations with South African connections as a result of anti-apartheid pressure and that might only be the start.

At least 20 United States companies have ended or begun winding down their South African operations this year, urged on by shareholders repelled by the white minority-ruled country's racial policies and concerned by unrest there, according to analysts. New investment has virtually stopped.

"Money is not ideological. Money does not like turmoil. Money leaves," said Mr Randall Robinson, director of Trans-Africa, the black foreign policy lobbying group that organizes daily anti-

apartheid protests outside the South African Embassy in Washington.

"Corporations that did not go in are glad they didn't. Corporations that are there are trying to find a way out. There's no new money going in. The banks have had it," he said in an interview.

### Monitoring group

According to the American Committee on Africa, a monitoring group in New York, and the Washington-based Investor Responsibility Research Centre (IRRC), 12 states, 39 cities and 67 universities so far have enacted legislation authorizing the sale of an estimated \$5,4 billion (about R13,5 billion) in shares in United States companies with South African ties.

"The disinvestment forces have already won in one sense," said Mr

John Chettle, director of the Washington-based South Africa Foundation, which represents South African businesses in the United States.

"They have discouraged billions of dollars of new United States investment in South Africa."

According to the Commerce Department, direct United States investment in South Africa fell from \$2,6 billion (about R6,5 billion) in 1981 to \$1,8 billion (R4,5 billion) last year.

Some 300 United States companies still operate in South Africa, including IBM, General Motors, Mobil and Boeing.

Twelve states have enacted legislation partially or completely to disinvest an estimated \$3,5 billion (R8,75 billion), mostly in pension funds.

Seven states — New Jersey, Massachusetts, Minnesota, New Mexico, Louisiana, Michigan and Wisconsin — have decided to get rid of South African-related stocks.

The other five — Connecticut, Iowa, Maryland, Nebraska and Rhode Island — would still allow investment in United States companies rated in the top category of the so-called Sullivan code of fair labour conditions for blacks.

Of the 39 cities that have acted so far, affecting an estimated \$1,5 billion (about R3,75 billion), the largest are New York, Boston, San Francisco, Miami, Philadelphia and Washington.

The 67 universities have together dumped more than \$400m (R1 billion) to \$200m (R500 000) since April this year.

According to the analysts, America's 100 richest universities held a total of \$24 billion (R60 billion) in their combined investment portfolios.

An estimated 20 percent of that was in firms with South African ties. — Sapa-Reuter



# Secret apartheid talks

62 5 fac 18/11/85

## Top SA and US businessmen draft a strategy to aid blacks

The Star Bureau

Executives of leading South African and United States companies held secret meeting in London last week to draw up a joint strategy to challenge apartheid.

The strategy includes paying for a range of educational, housing and small business projects for blacks.

Details of the secret meeting have leaked out in Washington

Michael Holman, writing in the *Financial Times*, says the talks are being seen in the American capital as part of a major effort to present a constructive alternative to the growing move towards disinvestment from South Africa by US companies.

Coca-Cola, International Harvester and Pibro-Salomon are among 18 companies which have end-

or renewed South African business links in the past year, says Holman.

About 300 US companies operate in South Africa and have an investment of more than R7 000 million.

According to Holman's informant, the London talks were attended by the chief executives of four of the largest US corporations: Mr Roger Smith of General Motors, Mr Michael Blumenthal of Burroughs, Mr Raleigh Warner of Mobil and Mr John Reed of Citibank.

The South African delegation included Mr Gavin Kelly of Anglo American and Mr Mike Rosholt of Barlow Rand.

Mr Rosholt is reported as saying in Johannesburg that the meeting was part of the continuing efforts by business leaders of both countries to work out a positive business contribution to solving South Africa's problems.

### Greater business role

The discussions were organised by the US Corporate Council on South Africa, which was formed in September and consists of executives of companies with interests in South Africa.

Officials of the US companies have refused to discuss the London meeting, though General Motors described it as "productive".

The broad purpose, according to businessmen close to the talks, was to continue efforts to draw up an alternative strategy to economic sanctions and disinvestment, and to discuss a greater business role in efforts to bring about change in South Africa.

Though not directly linked, the initiative coincides with efforts by the Urban Foundation to win financial support from US and British companies.

Chief executives of South African, US and British companies are increasingly concerned at the growth of the sanctions and disinvestment lobby.

## US bankers warn SA to speed up reform or else...

Wall Street sources say for steps to "lower tensions" in the education crisis and reduce the likelihood of continued schools boycotts.

Mr Pat O'Malley, chairman of the Sullivan Group's Education Task Force and a member of its executive committee, told reporters conciliatory gestures were essential if further school boycotts and other actions were to be avoided.

The text sent on behalf of the Sullivan group expressed concern about the effects on "thousands of young lives" and the accompanying threat of unemployment to Mr Botma last week by representatives of the 186 top American companies in South Africa was the first direct move in what is expected to be a greater involvement by US corporations in pressures on Pretoria for reform.

Signatories to the Sullivan Code of practice - representing the largest and most influential US companies - teleaxed Mr Botma on Friday calling

"The banks are being very firm but they don't want to go public with their stance because this is essentially a political issue and the publicity could run any chances of a compromise on one Wall Street broker said.

The urgent text sent to Mr Botma last week by representatives of the 186 top American companies in South Africa was the first direct move in what is expected to be a greater involvement by US corporations in pressures on Pretoria for reform.

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# US firms urge Botha to 'lower tensions'

(62)  
18/11/85  
Cape Times

THE top 186 United States corporations operating in South Africa have sent an urgent telex to the State President, Mr P W Botha, urging him to "lower tensions" in the country's education crisis.

The corporations, all signatories of the Sullivan Code of Practice, on Friday urged Mr Botha to ease tensions in the current confrontation between pupils and the State over "apartheid education" and reduce the likelihood of continued school boycotts.

Mr Pat O'Malley, chairman of the Sullivan group's Education Task Force and a member of its executive committee, said conciliatory gestures were essential if further school boycotts and other actions were to be avoided.

He criticized the Rev Allan Hendrickse, chairman of the Ministers' Council in the House of Representatives, who had said that while provision would be made for supplementary examinations, there would be no blanket concessions.

# Top businessmen refuse to talk on SA meeting

ARGUS 19/11/85 62  
Argus Foreign Service

WASHINGTON. — Members of the US Corporate Council on South Africa, a newly formed group of top American businessmen wanting to promote racial reform in the Republic, are tight-lipped about their meeting with leading South African businessmen in London last week.

The chief of General Motors and co-chairman of the council, Mr Roger Smith, "felt it was a very productive meeting," a spokesman said. But he would not comment further.

Other influential American businessmen who attended the meeting, aimed ultimately at dismantling apartheid, refused to comment on the talks.

Reportedly at the meeting were Mr Smith, Mr Michael Blumenthal of Burroughs Corporation, Mr Raleigh Warner of Mobil and Mr John Reed of Citibank. The South Africans included Mr Gavin Relly of Anglo American and Mr Mike Rosholt of Barlow Rand.

## First meeting

It was apparently the first meeting between the two groups since the businessmen declared efforts to end apartheid, and the formation of the USCCSA, which has as members chief executive officers of large American companies.

Mr Smith said in a newspaper interview last month that South Africa's problems did not necessarily have to be solved by a one-man, one-vote system. "I don't think you have to go that far to get what needs to be done."

"This was one of the matters to be worked out," he said. "We have got to abolish the statutory rules and the discriminatory foundation of apartheid."

## Sensitive

Corporate Council members regard present approaches and activities as highly sensitive, knowing that their actions are being scrutinised in the US by congressmen, pressure groups and lobbyists wanting apartheid smashed.

Members of these well-organised groups watch political and economic transactions between South Africa and the US.



# Executives in secret SA talks

Own Correspondent

**LONDON.** — Executives from leading South African and US companies have met in London to draw up a joint strategy to challenge apartheid, the Financial Times reported yesterday.

The meeting was a follow-up to a secret gathering by 18 executives from Britain, South Africa, the United States and Sweden in March this year.

It is understood that the emerging strategy includes paying for a range of black educational, housing and small business projects.

The unpublicized meeting, held last week, is seen as part of a major effort to present a constructive alternative to the growing move towards disinvestment from the republic by US companies.

Coca-Cola, International Harvester and Phibro-Salomon are among 18 companies which have ended or reduced South African business links in the past year.

Some 300 US companies operate in South Africa, representing a total investment of over \$2.5 billion (R6.5-bn).

The London talks were attended by the chief executives of four of the largest US corporations: Mr Roger Smith of

General Motors; Mr Michael Blumenthal of Burroughs; Mr Raleigh Warner of Mobil and Mr John Reed of Citibank. The South African side included Mr Gavin Relly, chairman of Anglo American and Mr Mike Rosholt, chairman of Barlow Rand.

Mr Rosholt said in Johannesburg that the meeting was part of continuing efforts by business leaders of both countries to work out a positive business contribution to solving South Africa's problems.

## Principles

The discussions were organized by the US Corporate Council on South Africa, which was formed in September and consists of executives of companies with South African interests.

All 70 members subscribe to the Sullivan code of business practice, drawn up under the chairmanship of a US clergyman, the Rev Leon Sullivan.

Officials of the US companies have refused to discuss the London

meeting although General Motors described it as "productive".

The broad purpose, according to businessmen close to the talks, was to continue efforts to draw up an alternative strategy to economic sanctions and disinvestment and to discuss a greater business role in efforts to bring about change.

Although not directly linked, the latest initiative coincides with efforts by the Urban Foundation to win financial support from US and British companies.

Chief executives of South African, US and UK companies are increasingly concerned at the growth of a sanctions and disinvestment lobby in Europe and America.

In March this year 18 chief executives from the three countries met in Kent under the chairmanship of former UK prime minister Mr Edward Heath to discuss ways to encourage South African reform.

● Neither Mr Relly nor Mr Rosholt were available for comment.

CAT Times 19/11/85

(2) 3000

62  
New York 29/11/85

# Kodak defends SA stance

ANOTHER top US company is making a strenuous effort to justify its presence in SA to the American public.

Industrial Reporter

Eastman Kodak — a recent signatory to the US Corporate Council on SA — has put its argument in print in a booklet to be distributed to employees, stockholders and others on request.

apartheid is a repressive and repugnant system that must be abolished as quickly as possible," says chairman and CE of the American parent company Colby Chandler.

In an attempt to sway the public, *Working for Peaceful Change in South Africa* highlights the positive steps Kodak SA is making in company policy on black employees and in its public affairs programme.

"... It is clear that peaceful change will become even more difficult without substantial and immediate reforms on the part of the SA government. We urge them to dismantle the apartheid system as quickly as possible."

The company takes a strong stance on the indefensibility of the apartheid policy.

The role of business in SA, added Chandler, was to press for this real change.

"There is no doubt in our minds that

Chandler agreed with the main anti-apartheid measures called for by the American Chamber of Commerce.

NEW YORK — Anti-apartheid campaigner Randall Robinson and his TransAfrica lobby have achieved nearly all they set out to do a year ago.

This week, the first anniversary of his arrest at the SA Embassy in Washington, is marked by a ban on US imports of Krugers and restrictions on US bank loans and computer sales to South Africa.

President Ronald Reagan has abandoned the basic principles of constructive engagement with Pretoria, and divestment statutes have spread through the country.

The Washington-based Investor Responsibility Research Centre (IRRC) has compiled statistics which show that more states adopted anti-apartheid measures this year than in all the previous years put together, and 40 universities adopted or extended divestment policies this year.

The measures took the following forms:

- Divesting pension fund and other portfolios of shares and bonds from firms that do business with SA;
- Barring new investment in those firms;

### Assets

- Restricting the deposit of public funds in banks and institutions that lend to SA;
- Refusing to buy from SA-related companies.

IRRC figures show these actions have affected more than \$6bn in assets — about a third of all the "SA-tainted" stocks and commercial paper held by public institutions in the country.

# Pressure to divest reaching peak in US

62

22/11/85 B. Day

Most divestment statutes have allowed targeted stock to be sold off over a period of years, making it difficult to establish any direct relationship between divestment and share prices.

And only a fraction of the \$6bn has changed hands.

Nevertheless, the companies singled out for having SA ties are finding it difficult to raise capital.

Leuthold group head Steve Leuthold says 73 US firms which did not satisfy the Sullivan rating system, or were not signatories to it, were under-performing. He compiled a "divestiture hit-list index" of the companies.

New Jersey governor Thomas Kean, on August 2, signed a law requiring \$2bn of state treasury portfolios to be divested from all companies with SA ties.

The law also affected Sullivan signatories:

Through the divestment law, Kean, a Republican, paved the way for similar legislation in New York state, Ohio and Wisconsin.

Major corporations like General Motors and General Electric rely heavily on public institutions to finance their debt through the purchase of their corporate paper.

If the institutions are barred from buying their debt, they might have to increase their bond yields by up to 15 basis points, warns

Leuthold.

That is a heavy price to pay for the honour of being in SA.

The divestment movement, especially in New York, has already scared banks such as Chase Manhattan and Citicorp into dropping their SA business. The results have been devastating for Pretoria.

Even regional bankers are admitting that merely doing collections in SA is potentially too much trouble.

Now life is threatening to become impossible for the manufacturers.

The domestic costs of operating in SA are rising almost daily.

### Winning

Robinson and his allies are winning, and there is little that worthy groups like the US Corporate Council on SA can do about it.

Council co-chairman Michael Blumenthal even admits his company, Burroughs computers, is making contingency plans to leave SA.

Only one of Robinson's objectives — the dismantling of apartheid — remains to be accomplished.

This should not detract from his laurels. The means have always been more important to him than the end.

(62) B. Day 21/11/85  
**US firm invests another R66m in SA**

US agricultural and earthmoving equipment maker, JI Case, is to invest a further R66m in its South African operation.

Case, a subsidiary of the Tenneco, has already invested R14m this year through its purchase of the SA interests of International Harvester (IH).

LAWRENCE BEDFORD

Case SA MD Barney Strydom said yesterday R50m would go on capitalising 25 new branches to market Case-IH products and R16m on tooling up for ADE-engined tractors and combines.

**Companies targeted**

Twelve key US corporations have been selected as the target of a new anti-apartheid shareholder campaign. The companies, Burroughs, Chevron, Citicorp, Control Data, Fluor, Ford, General Electric, International Business Machines (IBM), Mobil, Newmont Mining and Texaco — are all corporations said to support apartheid through their key products and services.

The Interfaith Centre on Corporate Responsibility, representing Protestant and Roman Catholic Church organisations and their funds, has called on the corporations to end sales and service relationships with the South African government and government-owned corporations.

"Our goal is no longer to encourage US corporations to ameliorate the effects of apartheid but to apply their part in dismantling the system," says Timothy Smith, executive director of the centre.

Smith said the ecumenical funds would take new action, calling for the withdrawal of corporations from SA, selective buying campaigns and divestment of stock, if the companies failed to respond.

The corporations had strategic involvement with the South African government. For instance, Mobil has refused to stop sales to the police and military and disclose information about sales to the South African

government, says Smith. Fluor is the US sales agent for Sasol technology, but had expressed no concern about apartheid at shareholder meetings nor was it prepared to disclose any information about its South African activities.

Computer companies were targets because they were the South African government's largest suppliers. Control Data's sales to government and its agencies accounted for 50% of its South African revenues, making up 30% of Burroughs and 17% of IBM's, it is estimated. ■

25/11/85  
IBM executives speak  
out against apartheid

IN A departure from its generally low political profile, IBM, a target of anti-apartheid activists in the United States, is wading into political issues in SA.

Active for years in quietly promoting better race relations, IBM executives are speaking out to the SA government about white-minority rule, the persistent black riots and the stifling recession that many economists blame on the system of racial separation.

These executives are doing even more in private, say company spokesmen.

IBM chairman John Akers, known for generally shunning politics, is on the steering committee of a 52-strong group of US corporate chiefs who bought space in a Johannesburg Sunday newspaper on October 27 to pledge they would "play an active role" in dismantling apartheid.

On November 15, the group sent a message to President P W Botha urging him to be more conciliatory towards black pupils who were boycotting their schools.

Beyond that, Akers published an article in March in the *New York Times* criticising apartheid while justifying IBM's presence in SA.

"Business people are not social reformers in disguise," Akers wrote.

"But economic activity does have profound social effects, direct and indirect, that enhance the climate for change."

In September, after about 700 people had died in more than a year of riots, IBM waded further than ever into SA's

stormy political sea.

"It is imperative," the company said in a statement from its head offices in Armonk, New York, "that the South African government address the problems of apartheid with the compelling and urgent attention they deserve."

IBM also hinted publicly for the first time since it came to SA in 1952 that it might reconsider its role in the country.

The company statement said economic activity was a force for good and that IBM was going to stay in SA "as long as there is a chance that we, together with others, can contribute to peaceful change".

But the statement added: "The rapidly deteriorating situation is having a significant impact on IBM's South African business."

An executive of International Business Machines South Africa, IBM's SA subsidiary, said in an interview: "Where government activity results in bad business, obviously we would have to leave".

He spoke on condition that he was not identified.

However, IBM's New York office reiterated on November 20 its determination to remain "and work for positive social change in South Africa".

IBM, which operates in 130 countries, derives less than a 1/2% of its world-wide revenues from its SA investment.

Of the corporation's 2 000 employees in SA, 286 are black. The corporation's activities in SA are entirely sales and service oriented. — Sapa-AP.

# \$5 billion disinvestment may be only the start

SEARCH  
27/1/85

board of General Motors, to provide guidelines for US companies in South Africa.

Of the 39 cities that have acted so far, affecting an estimated \$1.5 billion (about \$3.9 billion), the largest are New York, Boston, San Francisco, Miami, Philadelphia and Washington.

The 67 universities have together dumped more than \$400 million (about \$1.05 billion) — \$200 million (about \$526 million) since April this year.

According to the analysts, America's 100 richest universities held a total of \$24 billion (about \$63 billion) in their combined investment portfolios. An estimated 20 per cent of that was in firms with South African ties. — Sapa-RNS

United States institutions have withdrawn more than \$5 billion (about \$13 billion) worth of investments from corporations with South African connections as a result of anti-apartheid pressure — and that may only be the start.

At least 20 US companies ended or began winding down their South African operations this year, urged on by shareholders repelled by the country's racial policies and concerned by unrest there, according to analysts.

New investment has virtually stopped.

"Money is not ideological. Money does not leave," said Mr Randall Robinson, director of TransAfrica, the black foreign policy lobbying group that organises daily anti-apartheid protests outside the South African Embassy here.

Corporations that did not go in are glad they didn't. Corporations that are there are trying to find a way out.

There's no new money going in. The banks have had it," he said in an interview.

According to the American Committee on Africa, a monitoring group in New York, and the Washington-based Investor Responsibility Research Centre (IRRC), 12 states, 39 cities and 67 universities so far have enacted legislation authorising the sale of

an estimated \$5.4 billion in shares in US companies with South African ties.

Similar moves are being considered in dozens more state legislatures, city councils and college boards across the country, they say.

No detailed figures were available for the total amount of investment by these authorities in US companies with South African connections, but analysts said the sum could run into billions of dollars.

Anti-apartheid campaigners in the United States have been urging US business to cut ties with South Africa since the late 1970s, but the pressure has intensified this year as protest and "suppression" have increased.

"The divestment forces have already won in one sense," said Mr John Chettle, director of the Washington-based South Africa Foundation, which represents South African businesses in the United States. "They have discouraged billions of dollars of new US investment in South Africa."

Among US companies reducing their stakes in South Africa this year are Pan American World Airways, PepsiCo, General Foods, Coca-Cola, Apple Computer and Helena Rubenstein.

Commerce Department direct US investment in South Africa fell from \$2.6 billion in 1981 to \$1.8 billion last year. Some 300 US companies still operate in South Africa, including IBM, General Motors, Mobil and Boeing.

Twelve states have enacted legislation partially or completely to disinvest an estimated \$3.5 billion, mostly in pension funds.

Seven states — New Jersey, Massachusetts, Minnesota, New Mex-

ico, Louisiana, Michigan and Wisconsin — have decided to get rid of South African-related stocks.

The other five — Connecticut, Iowa, Maryland, Nebraska and Rhode Island — would still allow investment in US companies rated in the top category of the so-called Sullivan code of fair labour conditions for blacks.

The code was drawn up eight years ago by the Rev Leon Sullivan, a black member of the

# \$5 billion disinvestment may be only the start

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According to the analysts, America's 10 richest universities held a total of \$24 billion (about R63 billion) in their combined investment portfolios. An estimated 20 per cent of that was in firms with South African ties. — Sapa-RNS

27/11/82



# General Motors, BMW talk of 'rationalisation'

Argus Bureau

PORT ELIZABETH — In a new blow to this recession-hit city General Motors and BMW are discussing "rationalisation" of excess manufacturing capacity of their plants.

But BMW public relations manager Mr Pierre de la Rey emphasised that the talks were not concerned "at the present" with mergers or takeovers.

"We are talking only of some form of co-operation," he said.

"With the car market in the state it is, with total capacity more than three times greater than the present market, plant utilisation is crucial."

Mr de la Rey said BMW had also had talks with other manufacturers about excess manufacturing capacity.

"In fact all the companies are talk-

ing to each other and looking for an answer to the problem."

It was announced yesterday that 1 300 workers at the Ford division of Samcor in the city are to lose their jobs on December 13 as part of the rationalisation between Ford and Mazda.

Mr de la Rey said General Motors and BMW executives had agreed that no details of their talks were to be released to the Press, and so he could not say how long the talks had been going on or what stage they had reached.

But he emphasised that "no one is going to take us over."

Mr Peter Sullivan, public relations officer of General Motors in Port Elizabeth, said the company had no comment on the talks.

THE TIMES  
22/11/82

# Outrage as 1 300 at Samcor axed

OWN CORRESPONDENT

PORT ELIZABETH — Organized labour in the motor-manufacturing sector here has lashed out at Samcor's decision to retrench about 1 300 Ford workers 12 days before Christmas.

A Samcor spokesman said yesterday the retrenchments were in keeping with previously announced plans to maintain production at a reduced level. The dismissals follow earlier indications that the Neave plant is to close permanently.

It is also understood that about 200 salaried staff are to be axed by the company at the end of December.

Mr Les Kettleidas, regional secretary for the National Automobile and Allied Workers Union (Naawu), which represents the majority of hourly paid workers in the motor-manufacturing industry, said the retrenchments would have a disastrous effect on the community.

Although 1 300 people

are to be axed, more than 5 000 dependants would be directly affected by the retrenchments, he said.

"Samcor will not be able to justify any repercussions as a result of this decision which affects people who have toiled for years and now find themselves in a new world of unemployment," he said.

In addition to retrenchment benefits agreed to at Industrial Council level, Mr Kettleidas outlined two main aspects of a recently negotiated severance deal.

• Separation payments of 50 percent of employees' earnings to be paid for between 12 and 18 months.

• A donation by Samcor of R50 000 to the Port Elizabeth School Feeding Fund to provide for the needs of children affected by the retrenchment.

The company is informing affected staff about the retrenchments. Samcor closes for Christmas on December 13.

# GM <sup>(62)</sup> having rough times

GENERAL Motors, a United States multinational operating in South Africa, has retrenched about 250 hourly paid workers in Port Elizabeth as recession and unemployment take their toll in the Eastern Cape region.

This brings the total number of workers retrenched by the company since the beginning of 1982 to approximately 1 150. *Sanetan*

GM's public affairs manager Mr Michael Killen said the positions of an undisclosed number of salaried employees were still to be reviewed as the company was going through "rough times" due to recession and problems in production costs. *29/10/85*

"The latest retrenchments came into effect last Friday," Mr Killen said. He added that the company will consider another action next month.

The company retrenched a total of 650 workers, 540 in September 1982 and 110 in 1983. It laid off 250 workers three months ago.

All workers being retrenched will be given a pro rata bonus and at least one month's salary depending on the number of years each employee has worked with the company, Mr Killen said.

GM negotiated with the National Automobile and Allied Workers Union and the Motor Components Workers Union of SA (Macwusa) and the unions were "satisfied" with the benefits their members will get.

Naawu's regional secretary Mr Les Ketteldas said, although the "package" the workers were going to get was satisfactory, the retrenchments were not acceptable because of the current economic crisis and unemployment in the region.

He said: "Our main concern is not getting retrenchment benefits, but we are worried about the loss of jobs by our members, especially when considering that many of the motor companies have laid off workers."

"Where will these people look for work? Ford motor company has also indicated that it will lay off workers by December. The situation is going to be catastrophic for our members and the community at large."

Motor companies that have retrenched workers in the region because of the economic downturn are: Ford, Volkswagen, Sigma, Toyota and Datsun.

# US companies call for further training for black teachers

CAPE TOWN — About 186 United States companies have urgently called on the Government to adopt immediate measures to upgrade the qualifications of more than 100 000 underqualified black teachers.

For the second time in two weeks the companies — all signatories to the Sullivan Code — have attacked segregated education and described it as one of the major causes of unrest.

At the weekend they presented a 15-page memorandum to Minister of National Education Mr F W de Klerk and Minister of Cooperation and Development Dr Gerrit Viljoen, urging the Government to abolish apartheid in education.

Ten days ago they telexed an urgent appeal to the Government to take "urgent steps to lower tensions in the continuing education crisis".

The memorandum prepared by the Sullivan companies' task force on education recommended as an immediate and essential objective the upgrading of the qualifications of the 100 000 schoolteachers through in-service education and training.

It added that "reforms in education without a commitment to the elimination of apartheid will lack credibility in the eyes of the majority of South Africans".

The companies offered to help in bringing about the fundamental changes needed — through independent programmes outside the official system.

The lack of properly qualified teachers was the single most serious factor seen by pupils as hampering their progress at school, and the most likely cause of school boycotts.

Although there would be a teacher shortage for the rest of the century, the effectiveness of every teacher needed to be developed.

"Unless the teacher problem is tackled, the private sector will be doing remedial work in education forever, and will struggle to train people effectively to run the economy."

Mr Pat O'Malley, chairman of the education task force, said: "In the long term the survival of the free enterprise system in South Africa depends on such reforms."

"Certainly, from the blacks' point of view, reform in education is important as they see the system as limiting their access to the economy, and thus having a profound effect on their lives." — Sapa.

AM605 2/12/85

# US firms offer aid for black education

AMERICAN companies in South Africa have called on the Government to abolish the racially divided education system and have offered to help to finance "immediate steps" to upgrade black teachers.

In a memorandum submitted this week to the Minister of National Education, Mr F W de Klerk, and the Minister of Co-operation, Development and Education, Dr Gerrit Viljoen, signatories of the Sullivan Code for equal employment opportunities for blacks, said:

"Unless the teacher problem is tackled the private sector will be doing remedial work in education forever and will struggle to train people effectively to run the economy."

## QUALITY

The group, which includes Mobil, General Motors and IBM, offered to help improve the quality of teaching and learning through independent programmes.

The memorandum said the lack of properly qualified teachers was the single most serious factor seen by pupils as hampering their progress at school and the most likely cause of school boycotts.

The chairman of the group, Mr Pat O'Malley, said the survival of free enterprise in South Africa depended on such reforms.

## WELCOMED

In response to the memorandum, Dr Viljoen said today the Government "obviously welcomed" all support from the private sector in upgrading black education.

Dr Viljoen said one of the Government's "highest priorities" was, and had been for the last three years, to give black teachers the opportunity to upgrade their standards through in-service training.

There were already various upgrading projects for teachers under way, with the co-operation of the private sector, especially video and electronic teaching programmes.

On the question of a single education structure, Dr Viljoen said Mr de Klerk had already indicated that the new Department of National Education was the single central structure for policy affairs in respect of all population groups.

— Sapa and Staff Reporter

# IBM denies rumours of pulling out of SA

STAR 3/12/85

62  
28

Persistent rumours that IBM is about to pull out of South Africa contain no truth, according to a company spokesman.

The rumours have been fuelled by an announcement by IBM that it is offering two voluntary staff reduction packages to two categories of employees.

The incentives are a direct result of the need to rationalise due to the recession.

Employees of 50 and older are being offered handsome incen-

tives to take early retirement, which include a substantial separation payment in addition to their pension benefits.

Employees who have been with the company three years and less are being offered a lump-sum payout if they resign.

A spokesman for the company said both programmes were voluntary. "Employees are not being forced to leave. We have a full employment policy," the spokesman said.

Commenting on the company's commitment to South Africa, the spokesman said: "We are here to stay."

## SOCIAL PROGRAMMES

There are a lot of rumours floating around that IBM is pulling out. We want to play a role in meaningful change in South Africa. We have invested in several social programmes involving R30 million this year including educational schemes, as well as urban and rural programmes.

We believe the free enterprise system is an essential part of the South African solution and therefore it is essential that companies like IBM stay."

# GM and BMW may be merging in SA

CAT Times 5/12/85

Own Correspondent

DURBAN. — Motor industry sources claimed last night that General Motors and BMW had concluded a deal which could lead to the two organisations joining forces.

The sources said the deal, if it led to a merger, would mean the end of much of the American-based company's local range.

The popular Opel Kadett range would be manufactured by BMW at their plant in Rosslyn, while the rest of the

range, including Ascona, Rekord, Commodore and Senator would be dropped, the sources, based in the Eastern Cape and Johannesburg, said.

But neither of the two companies was prepared to confirm the deal last night.

GM managing director Mr Bob White said: "The current trends in the economy lead vehicle manufacturers to consider ways and means to remain viable and competitive through rationalizing to the greatest ex-

tent possible and effecting economies in the process.

"A number of potential avenues are being explored and General Motors has talked to other manufacturers in similar positions.

"It is no secret that the international vehicle manufacturing industry is doing the same thing in order to offset the rapidly escalating cost of research, development and production."

Meanwhile, Renault, which recently announced its withdrawal

from South Africa, is thinking again.

A spokesman confirmed: "Yes, we are still busy talking"

It is possible that Renault cars could be built by another manufacturer and distributed through the existing dealer network as was the case before 1982.

Renault will have 2700 built-up vehicles when its contract with Leyland at Elsie's River ends next week, so stocks will continue to be available until May or June, the spokesman said.

# GM, BMW link-up imminent

6/12/85 BUS. DAY 62

GENERAL Motors and BMW are expected to announce joint rationalisation plans within the next two weeks.

Industry sources say a draft contract was tabled last weekend and both companies have reached agreement. An announcement, they say, is "imminent".

GM and BMW have not confirmed or denied the speculation surrounding the two companies. A GM spokesman said he "finds it counter-productive to even

ALAN RUDDOCK

comment". He denied that GM plans to assemble vehicles outside of its present production facilities. BMW's Mike Brandt said "no comment".

The apparent reluctance of BMW and GM to kill the growing speculation about their talks lends credibility to the speculation.

Sources say the likely outcome of the agreement is that BMW will as-

semble some GM models at its Rosslyn assembly plant near Pretoria.

A link-up between the two companies would have political and economic benefits for both, say business analysts.

The better economies of scale resulting from rationalisation would help shore up both companies' financial position while, politically, neither company would be seen to desert an established market because of temporary political inconvenience.

## PRICE MOVES AT A GLANCE

REUTERS

KEY MARKET MOVEMENTS — DECEMBER 4 to DECEMBER 5										
Gold		JSE	Previous			Latest		Johannesburg Stock Exchange		
\$/oz	R/oz	Krugerrand	\$/R Commercial	\$/R Financial	DM/\$	£/R	3 months B A	All Gold BD Index	Industrial BD Index	JSE Overall Index
324,80	901,66	925	0,3600	0,2985	2,5285	0,2439	13,40	1 192,7	1 135,8	1 316,1
			NO MOVE							
322,40	895,55	915	0,3600	0,2925	2,5180	0,2422	13,35	1 183,3	1 133,0	1 309,2



STAR 11/12/85 (62)

# US probe gets its wires crossed

By Stan Kennedy

Incorrect conclusions drawn by a US investigation from the Department of Commerce into imported copper products has effectively let McKechnie Bros of Germiston off the hook.

The chairman of McKechnie Bros, Mr Murray Coutts-Trotter, said yesterday he was delighted.

It was reported from Washington on Tuesday that the Department of Commerce had issued a final ruling, stating that McKechnie was illegally selling

copper rod and wire — valued at \$930 000 in 1984 — in the US at 3,3 percent below the cost of production.

Mr Coutts-Trotter said the report was inaccurate as it was not copper rod and wire which was sold but low fuming bronze brazing rod.

Furthermore, it had been sold at prices above the cost of production.

The investigation, carried out from November 1984 to February 1985 had "found that 24 per-

cent of sales were below the South African market price and the weighted average below this price was 3,3 percent".

"There have been no sales below the cost of production," Mr Coutts-Trotter said.

"These investigations are standard procedure and we are confident this one will die a natural death."

McKechnie exports to seven other countries and sales to the US are about three percent of the company's turnover.

"We expect volumes to the US to be slightly higher than in 1984 but with the swinging rand, it is difficult to say whether the value will also be higher."

The decision by the Department of Commerce will now go before the US International Trade Commission which will decide whether the sales are harming domestic industries.

If it does, and doesn't realise it's mistake, then an anti-dumping duty of 3,3 percent will be added to the cost of the rod.

BUSINESS DAY, Friday, December 20 1985

# Pretoria blocks Venda base for clothing company

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ALTHOUGH South Africa claims to bend over backwards for foreign capital and new industries, one United States company was stopped from operating in Venda by the SA authorities.

The African American Trading Company (AATC) wanted to set up a second-hand clothing import business that would export all over Southern Africa from Venda, but not into SA itself.

It was approved by the Venda Development Corporation and the Venda Industrial Development Board, but their opinion was reversed at the request of Piet Barnard of Import Control in Pretoria.

Norris Barker, head of AATC, claims that such intervention was illegal — Venda being an independent country, such matters could only be dealt with through the Department of Foreign Affairs.

Barnard refused to discuss the matter with *Business Day*.

According to Professor G G Maasdorp, director of the Economic Research Unit at the University of Natal, Pretoria has no right to legal-

**STEPHEN CRANSTON**

ly prevent Venda from granting an import permit for second-hand clothing.

SA claims to have a "gentleman's agreement" with the other members of the South African Customs Union, which means its wishes as senior partner are honoured.

Justification given for opposing the setting-up of the factory was that "goods might filter back into SA, where we don't want them".

This must be contrasted with the

needs of Venda, which has an average annual household expenditure for clothing (5,36 people) of only R200,42.

And 46,6% of economically-active females in Venda are unemployed, compared with 20,2% among males.

Barker said he was stopped by Pretoria after two years and R250 000 invested in the clothing venture.

The scheme would not have competed against the South African clothing industry, he said, as it would not have dealt through retailers but directly through hawkers.

According to Rand Afrikaans University Professor Piet Nieuwenhuizen all countries are sensitive about foreign competition with their textile industries, especially if they try to circumvent the tariff barriers.

However, he believes Barker was badly treated by authorities as his enterprise could have helped low-income groups.

Barker has since been attracted away from Southern Africa by incentives offered in Mauritius, and will complete his registration within eight weeks.

# Anti-SA law hurts US city

NEW YORK — West Hollywood, a city with one of the United States' toughest anti-apartheid laws, is having trouble avoiding the purchase of equipment from companies that have ties with South Africa.

West Hollywood's ordinance does more than ban investment of city funds in firms doing business in SA. It prohibits the city from buying supplies and services from companies with financial ties with South Africa.

But city staff say most major manufacturers of computers, office equipment and vehicles do business in South Africa. Unless the law is changed, the city may not be able to buy such items.

As a result, staff have recommended that the city council soften the law to permit purchases from companies that have agreed to an affirmative action programme aimed at bettering conditions for black employees of US companies in South Africa.

When the anti-apartheid policy began in April, leased IBM office equipment and other products made by firms doing

business in South Africa were returned and replaced with relatively unknown brands.

□ The New York Post, the racy tabloid owned by media mogul Rupert Murdoch, has evened the score against a local television station which first broke the "scandal" about the Post using newsprint from South Africa.

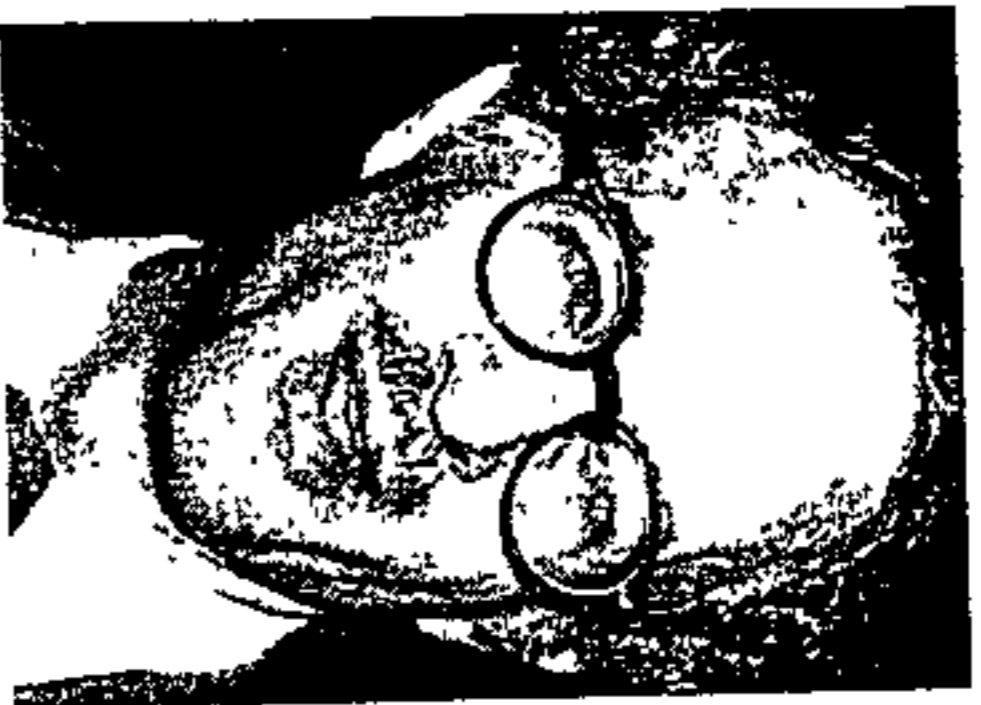
A few months ago, media hounds throughout the city came down hard on the Post after television journalist Mike Taibbi revealed that Murdoch had, in fact, bought the offending newsprint.

The Post hit back by asking why three television channels, including the station that broke the story, earned about \$6m between them from advertising promoting one of SA's biggest companies — the De Beers diamond syndicate.

One Post reporter said:

"Last Wednesday we tipped Mike to another 'scandal'. His own network was profiting from a generous budget promoting De Beers."

Game score: one-all. — Sapa-Reuter-AP.



Simon Barber... treated harshly

### SIMON BARBER in Washington

# Will the US now move on to 'constructive confrontation'?

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Executive Order represented a radical departure, the authors sum up their proposal thus: "Only by establishing much more direct communication with the SA machinery and by granting it far greater and more practical assistance can the US hope to influence the course of events there. In effect, a new, parallel set of diplomatic relationships is necessary. And only by taking further steps that risk hurting the pride of SA's current rulers can American leaders hope to win enough credibility to be listened to in the debate over the country's future."

To implement this thesis, the authors proffer a series of constructive confrontation. These include:  
 Reduction or termination of SAA's US landing rights.  
 Expulsion of SA's military attaches in the US.  
 A cumbersome visa application process for South Africans wishing to visit the US.  
 Even tighter export controls.  
 "Massive" educational aid programs "to help black South Africans learn how to run their country".  
 The appointment of a prominent black American to replace Ambassador Herman Nickel in Pretoria.  
 The opening of a real dialogue with the ANC and other black organizations.  
 Official encouragement of US firms to ignore apartheid law, and

through the current issues of *Foreign Policy* and *Foreign Affairs*, the two journals most often used by the international relations crowd to send each other messages.  
One piece — "Beyond constructive engagement" — is by Michael Clough, who teaches at the naval postgraduate school in Monterey, California, and who would not look altogether out of place in Chester Crocker's office. The other is by Sanford Ungar, of the Carnegie Endowment for International Peace, and Peter Vale, of Rhodes University. It would not be too surprising to find Ungar serving a Demo-

cratic administration. He and Vale call their offering "Why constructive engagement failed".  
Clough is milder and more measured in his analysis. Ungar and Vale treat Crocker and the Reagan administration harshly and offer some very concrete prescriptions.  
Yet the gulf between the authors is ultimately one more of tone and bias than of substance. Both call for what Clough calls "a new, comprehensive strategy". Somewhere between them lies the course the US will very likely take before 1986 is out.

Clough, to borrow one of his favourite terms from another context, is a minimalist and a pragmatist. He obviously eschews economic sanctions, but aside from warning that SA's ruling elite will likely be going through a critical and potentially reversionist leadership struggle in 1986, he does not waste space rehearsing arguments about their effectiveness.

He stresses instead what would be useful and practicable in terms of American politics and interests, and in the process rules out three broad options:  
First, "constructive disengagement" — the liberal approach

that seeks to dissociate the US economically and morally from SA while making white intran-  
gence increasingly costly.  
This "will not work, because the Reagan administration will not go along with it. Attempts by Congress to impose such a policy will only create a dangerous stalemate and send dangerously mixed signals to SA."  
"The situation in SA is too serious to wait for 1989, when a president more inclined to constructive disengagement might take office."

Second, "ideological engagement" — the conservative strategy that seeks to denounce apartheid and communism in the same breath and which tends to function through selecting heroes such as Chief Buthelezi and Jonas Savimbi, opposing "enemies" like the ANC, the MPLA and Frelimo and reserving "moral sanction" for Pretoria.  
The problem with this is that it automatically undermines the credibility of the chosen heroes and "by sending a signal that Washington would oppose all movements and government not

willing to embrace American conceptions of democracy and capitalism ... (it) would also force many African leaders pre-emptively to align with the Soviet bloc."  
And in the case of SA, it would further deepen the gap between the US and most of the opposition. Third, and perhaps the most beguiling of all — "decent non-involvement". Recent polls show that most Americans would prefer that the US issued strong rhetoric but otherwise minded its own business.  
A majority in the Congress and the administration would likely concur. Their agendas are full enough as it is.  
Again, Clough says no. "No matter how decent, noninvolvement would leave the US less prepared to deal with the onset and aftermath of an SA revolution (and) would cause it to forfeit any chance (of) contributing to a more rapid, less violent, predominantly political transformation in SA ..."  
"Decent non-involvement would (also) send a strong, clear signal to African leaders that they should look for support elsewhere."  
So what does Clough suggest the administration do? Here he becomes more impressionistic. He argues convincingly that the US should enter an even-handed "public dialogue" with all parties

in the region, government and opposition alike, but places the heaviest emphasis on developing a truly bipartisan consensus at home that would enable Congress and the administration to speak and act as one.

US policy will never be effective ... If the domestic debate continues to be dominated by those who believe that white-led change is still an option and by those who believe that a negotiated capitulation is imminent.  
"A good starting point for a new Southern African policy would be a bipartisan statement outlining US interests and objectives — perhaps developed by Reagan's new advisory commission on SA."  
Ungar and Vale are less timid about prescribing the details of their entirely new and more imaginative approach to SA. Their central thesis is that the Reagan administration erred disastrously in persistently believing it could "reform the SA system by working entirely within it and honouring its rules" — to the extent that Crocker, according to a report quoted from *City Press*, "met formally with only 15 SA blacks between January 1982 and December 1984".  
Rejecting the notion that President Reagan's September 9

Executive Order represented a radical departure, the authors sum up their proposal thus: "Only by establishing much more direct communication with the SA machinery and by granting it far greater and more practical assistance can the US hope to influence the course of events there. In effect, a new, parallel set of diplomatic relationships is necessary. And only by taking further steps that risk hurting the pride of SA's current rulers can American leaders hope to win enough credibility to be listened to in the debate over the country's future."

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 The opening of a real dialogue with the ANC and other black organizations.  
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 The public naming of any of those companies that treat their black employees badly.  
At first blush, this is a tall and controversial order, yet it stops well short of economic sanctions. That is why these articles are important: they represent the skeleton of what could become, by present standards, a moderate but activist consensus on how the US should proceed now that almost everyone has agreed that American policy, such as it is, must be overhauled.

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# US 'no' to divestment

NEW YORK — Most Americans do not want US businesses to pull out of South Africa in protest against apartheid, but there is no consensus on the correct United States policy, says a Media General-Associated Press poll released yesterday.

Asked "Do you think US businesses should stop investing or doing business in South Africa, or not?" 32% of the 1 462 respondents said yes, 40% said no and 28% were unsure.

Eighty United States colleges or universities have divested all or part of their stock in South Africa-related companies and at least 10 states and 32 cities have some kind of divestment policy, according to the Investor Responsibility Research Centre, which monitors busi-

ness activity in South Africa.

In addition, about 20 American businesses have closed operations in South Africa in the past year.

Half the respondents said business divestment would hurt blacks and whites, 28% said it was immoral to conduct business in South Africa, and 22% had no opinion.

Slightly more than half the respondents said they believed apartheid would be abolished in the next 10 years and two-thirds said SA's problems would lead to civil war.

Respondents included a random, scientific sampling of 1 462 adults across the US from November 8 to 14. The results were subject to an error margin of three percentage points either way.  
— Sapa-AP.

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# GM says merger rumours unfounded

Staff Reporter

THE public relations manager for General Motors SA, Mr Peter Sullivan, yesterday said that the report in the Cape Times supplement, Carfinder, about rumours of a merger between General Motors of Port Elizabeth and BMW South Africa, was "completely unfounded".

He said the rumour was doing General

Motors "a tremendous amount of harm through lost sales and having repeatedly to deny the rumour."

He referred to a statement made by the managing director of GM, Mr Bob White, on December 6, which said:

"As we have stated on numerous occasions, it is General Motors' intention to remain in South Africa. We have no intention of leaving."

"Further, we have no plans to assemble vehicles outside of our present facilities in Port Elizabeth."

"As to the speculation regarding any possible discussions with any other company, I can only say that I find it counter-productive to even comment on such rumours."

"I stress that continued speculation by the media will only have a negative effect on Port Elizabeth and its employment situation," Mr White said.

# GM will not quit country

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~~STAR~~  
Financial Staff

General Motors has no intention of pulling out of South Africa and one the country's oldest motor assemblers is here to stay for a long time, according to a company spokesman.

Reacting to a report in *The Star* earlier this week that the industry was rife with speculation that GM would pullout its passenger car assembly operation, GM said today that the sort of speculation could only have a counter or negative effect on the Port Elizabeth area and its employment situation.

The motor industry which experienced one of its worse downturns last year and which could well be even worse off next year will be bouyed by the strong statement of intent.

Alfa Romeo denied to the last that it would not pull out of South Africa and today's statement from GM will bring to an end the speculation that this prestige motor manufacturer will cancel its ties with this country.

FRED STIGLINGH and  
RICHARD WALKER in New York

A BLACK-OWNED US firm has dropped plans to sell specially-toughened IBM computers to a Boksburg firm, after claims they were destined for a SA government agency.

Scientific Systems of Cambridge, Massachusetts, was to supply Edward L Bateman of Boksburg, an IBM distributor, with 100 "ruggedised" IBM personal computers (PCs). But staff at the small US firm protested that the deal was set up by IBM to dodge American embargo regulations.

Bateman MD John Treger has denied the allegation, saying the equipment was meant for the local mining industry.

The ruggedised model is housed in metal rather than plastic, is sealed to keep out dirt and is better able to withstand the bumps and wide temperature variations associated with military and some heavy industry use.

Scientific Systems does most of its business with the US Defence Department.

IBM reportedly declined to sell the model directly to SA. Some Scientific Systems employees accused the computer giant of arranging the transaction between their firm and Bateman as a way of getting around the US ban on supplying high-technology items to the SA military, police or apartheid-enforcing government agencies.

# US computer firm drops SA deal plans

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A spokesman for IBM corporate headquarters in Armonk, outside New York, denied the charge, calling it "misleading, offensive and without merit."

"If we were aware of any violations, we would take the appropriate actions and notify the appropriate authorities, the spokesman said."

An IBM SA spokesman said IBM had rigidly adhered to the embargo since it was imposed in 1978.

"In the US, as is the case locally, we sell PCs through a dealer network, and we have no knowledge of where the computers go."

Bateman MD John Treger said Bateman Process Instrumentation (BTI) was a supplier of capital equipment to the mining industry.

He said the company had acquired an export licence for the hardened PCs once they were launched by IBM in the US in May. Bateman intended to import the equipment "in due course although no purchase orders have yet been placed".