

Blacks Are The Losers As US Companies Pull Out

The departure of US companies from South Africa has had little impact on the SA economy but has had grim consequences for black employees and their communities.

This was the conclusion of another recent study by the influential Washington-based Investor Responsibility Research Centre who found that far from undercutting apartheid, disinvestment was "contributing to a consolidation of economic power by SA's whites ..."

Simon Barber, reporting from Washington for *Business Day*, noted that the study said the flight of US "deep pockets" had meant the loss of corporate contributions to "community development programmes and to groups challenging SA's apartheid policies." "The new owners

... must often cut back, particularly if they are searching for ways to cut costs in order to repay the loans taken out to purchase the operation." Also, "many SA managers,

according to the IRRRC. Even, "trade unions generally give US firms higher marks for labour relations than SA companies, because US firms are less likely to respond to

strikes with mass dismissals and lockouts." US companies also "clearly outperform SA companies in the minimum wages they pay." "In mid-1987, the lowest wage paid by any US company that had signed ... the Sullivan principles was about 40 percent above the median wage for unskilled labourers in SA industry as a whole." The study found

"Disinvestment is contributing to a consolidation of economic power by SA's whites ..."

Investor Responsibility Research Centre,
Washington

without the prodding of US parents ... are reluctant to support organisations that overtly challenge the status quo." Labour practices, including training and job advancement for blacks, have largely remained unchanged under SA owners, ac-

that three-fifths of the 114 US firms that left SA between January 1, 1986 and April 30 this year, sold their operation to an SA company or their subsidiary's local managers. More than half of the departing firms retained "non-equity" licensing or distribution ties with their former operations. "These agreements help to ensure that the disinvesting company will continue to earn income from SA, and keep its name and products visible there without the costs of direct investment."

Amcham Warning

The American Chamber of Commerce in South Africa has warned that the "enrichment" of local business by some disinvestment had

so far led to South Africans becoming "apathetic" about sanctions. An Amcham delegation recently met State President P W Botha in an attempt to impress on him the seriousness of the situation facing South Africa if the proposed US sanctions legislation became law. Amcham president Ian Leach warned that any action by the South African Government which further inflamed American public opinion on South Africa could worsen the situation. The chamber

called on the South African business community, the South African Government and South Africans of all races "to appreciate

the gravity of the situation and to realise the means of stopping further punitive measures against the country lies in our hands."

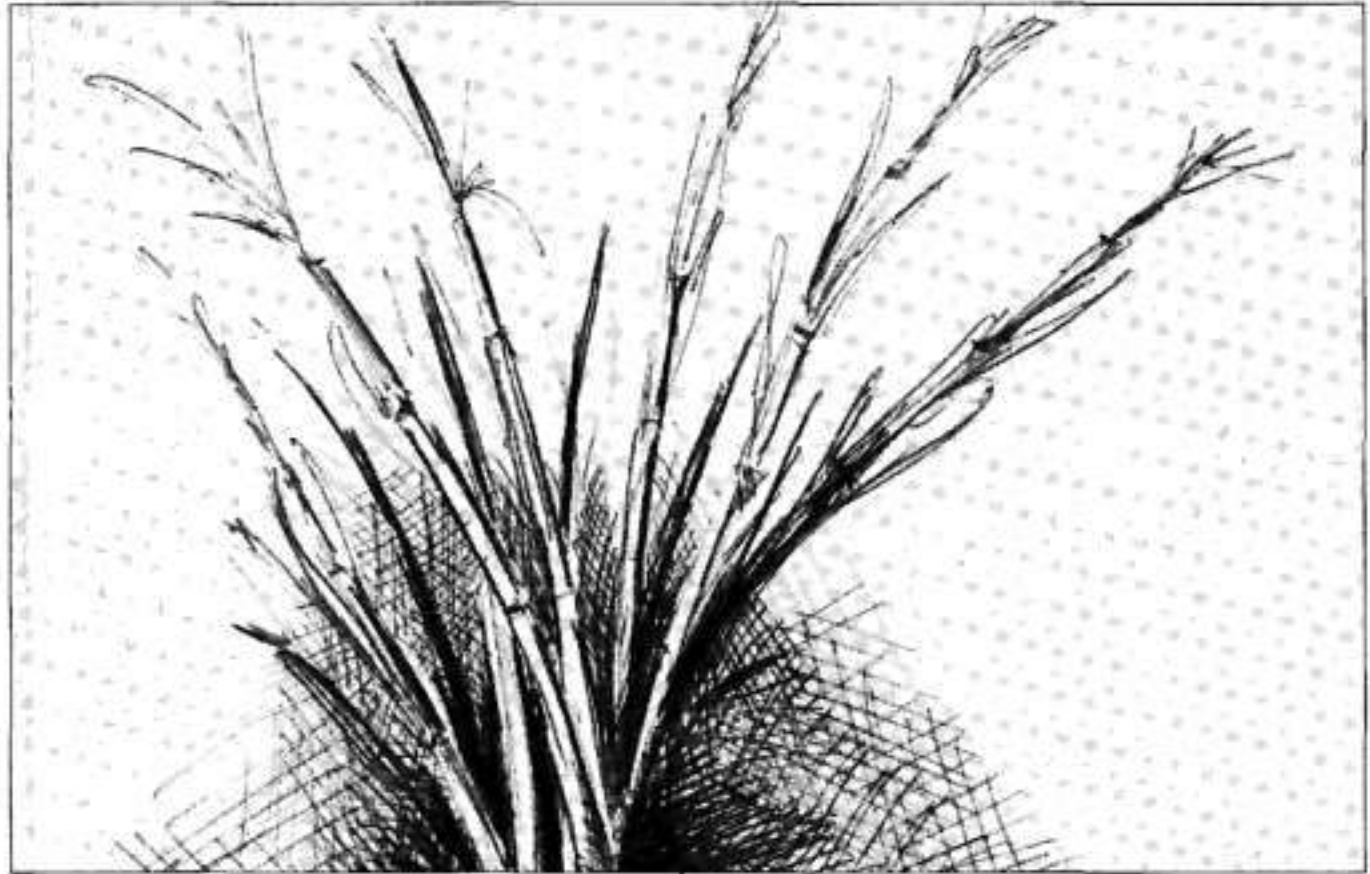
Why Won't They Listen?

The national president of the Jaycees in South Africa, Mr Vernon Matthysen, returned from a recent visit to the United States claiming that the authors of the US sanctions Bill before congress were "totally unwilling to listen to reason." After meeting Democratic Congressman Robert Dellums and Robert Brauer, aide to Dellums, Mr Matthysen said he was "amazed" at their attitude. "My impression was they do not care if their Bill will result in unemployment and misery in South Africa. They discount moderate black leaders and label them as 'stooges of the system'," he added. Dellums and his aide had said they were encouraged by the support they were getting from Archbishop Desmond Tutu. Meanwhile, Mr Matthysen said it appeared that the "average American" was not aware of the effects the planned sanctions Bill would have on blacks and whites in SA.

Sugar : 600 000 lives will be affected

Entire towns will close down

In yet another example, if the sanctions Bill proposed in the US by Congressman Ron Dellums becomes effective, more than 60 000 jobs in the South African sugar industry will be at stake. This will mean that at least 600 000 people overall will be affected. In addition to this, there are 23 000 black cane growers whose means of livelihood will most likely be destroyed. Mr Peter Sale, General Manager of the SA Sugar Association, has noted that the country's total annual sugar production is 2,1 million tons of which 90% is produced in Natal/KwaZulu. The present number of people employed in the sugar industry is 150 000. If sanctions are imposed, 60 000 jobs would be at stake as it is estimated there would be a production



drop of 800 000 tons. Mr Sale said the effect of sanctions on sugar workers and their dependents could be "catastrophic" as most had large families and the majority would find it almost impossible to find alternate employment. Few abroad real-

ised, he said, that there were whole communities around sugar mills and if sanctions forced them to close - as they would - the total economic activity in numerous towns in Natal, KwaZulu and the Eastern Transvaal would cease.

The US Will Become An Exporter Of Violence

If the United States persists with its sanctions programmes against South Africa it will, in effect, become an exporter of violence and terror. This warning came from Dr Mangosuthu Buthelezi in August when he addressed a reception at a medical centre in Cleveland, Ohio. With millions of black South Africans already unemployed, sanctions would leave many millions more in a position of "terrible desolation" through financial isolation, the limiting of external markets and the blocking of technological and management skills. Unless ideology was replaced by pragmatism there would be no hope for a future worth living, he said. Wrong steps would bring untold misery for generations to come. "South Africa is drifting into increasing poverty," he said. The

hope for the future lay in the encouragement of the free enterprise system and not in a socialist one-party state. "If you took everything owned by the five million-odd whites and distributed it among the 25 million people disadvantaged by the colour of their skin, all you would be doing would be ensuring national suicide. If the US cuts off foreign investments already made, it will become a net exporter to South Africa of violence and terror which can ultimately only set up a despotic failing socialism, however indirect that export will be," he added. On his return from the United States, Dr Buthelezi told a Press conference in Johannesburg that he knew many Americans had their doubts about sanctions. However, some could not be blamed for

supporting sanctions if South Africans such as Archbishop Desmond Tutu advocated such measures - even though the Archbishop had no mandate to do so and only spoke in his personal capacity. Dr Buthelezi challenged Archbishop Tutu to address a public meeting in Soweto on the question of sanctions. He said the majority of people would voice their objection to sanctions. "The Archbishop has a right to his opinions, I am not questioning that, but he shouldn't give the impression that he speaks for all black people in this country." The Anglican Church in SA had not accepted sanctions. There was not a single Anglican diocese which had passed a resolution supporting sanctions.