THE SPRINGBOK'S SHARE ACCOUNT

A Compendium of evidence about the activities in southern Africa of companies in which University College London has a stake.

by *Mick Clary*
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Introduction

The motion passed by the Union General Meeting on 6 November asserts the right to know where the College money is invested, demands annual publication and calls for questions to be asked at annual general meetings of companies about whatever topics give cause for concern. On the specific issue of southern Africa the Union's position is that companies should be approached on a range of matters concerning their operations, including supplies to the military and further investment plans as well as pay rates, and if these replies are not satisfactory to representative bodies within College, (meaning mainly meetings of the Association of University Teachers and the Union) then the shares should be sold - publicly. Thid is a role which aas been played with considerable effect by American Churches and Universtiies.

Our view of the position of foreign investment in southern Africa is in accord with the views of Frank Judd (this page) and Baldwin Sjollema (page 3), that the ecomomic growth of the sub-continent, growing foreign investment and the development of an increasingly repressive state are inextricably linked. This is the view of the African National Congress of South Africa which called for a wide ranging boycott of the country after political campaigns had failed to stem increasing repression. The ANC, the most representative African organisation since it's foundation in]9]], was declared illegal in]960. Liberation movements in the other countries share its view of foreign capital.

This pamphlet presents the available evidence about the companies in which College has money that have southern African operations. This evidence is of variable quality, on some companies it merely records that there is little to be known, on some material is scarce, whilst on others we have published a selection from a wealth of documentation.

Times, London, 10 May 1973 (right)

Guardian, London, 5 April 1973 (below)

Sir,—The Guardian deserves unqualified admiration for the way in which, during recent weeks, it has focused public opinion on the shame of so much British economic involvement in South Africa. It is vital that the public concern which has been so successfully aroused should be used as a growth point for more penetrating analysis of the underlying issues of which low wages are just one of the more immediately distressing symptoms.

To achieve higher wages for Africans simply through influence on paternalistic managements will leave the African workers as subservient as ever and totally without the basic human right of being able to bargain for themselves. It is also worth noting that by concentrating exclusively on the needs of the African workers in industry, we may create an African working class "aristocracy" and perhaps a large African middle class without doing anything meaningful for the millions of poverty-stricken people without the opportunity of such employment.

The plight of this majority may become even worse as the result of inflationary pressures. To improve wages without tackling the fundamental injustice of apartheid and the repression of the majority can only amount to a palliative. The stark truth remains that without basic social and political reforms the acid test of where we stand on Southern Africa must be whether or not we are prepared to support at least in humanitarian terms the liberation movements which have been forced to extreme tactics by the total refusal of the minority regimes to move on the principles of genuine political freedom.

We must be careful not to over-simplify to the point at which the British people, having been told that what matters is to pay more, will be ill prepared for confrontation as it develops and, at worst, will still find themselves on the wrong side supporting British economic interests against what will no doubt be described, quite falsely, as unreasonable revolutionaries.

Frank Judd.
(Labour MP for Portsmouth West).
House of Commons,
London.

'No profit in high pay to incompetent Africans'

By Our Parliamentary Staff

Mr William Luke, chairman of the United Kingdom South Africa Trade Association, told MPs yesterday that British companies found it difficult to pay satisfactory wages to African workers and remain viable. They would not get a return on capital if they paid high wages to incompetent labour, he said.

Sometimes it was necessary to employ two Africans for a one-man job. "There is a tendency for the African, if you pay him more money, to put in less time. He will absent himself as soon as he gets what he considers enough."

Mr Luke was giving evidence to the Commons select committee investigating working conditions of Africans employed by British companies. He said it was exceedingly difficult to make Africans a sophisticated community. It would take a long time.

"In the homelands and the country districts you have a lot of labour that is not competent, and it is doubtful whether some of it ever will be, however much you try. There is remarkable unemployment in these areas. People queue for jobs at the existing rates every Monday morning in the border areas." Unless there was productivity employers could not afford to be charitable institutions.

Mr Luke said there would not be a satisfactory result with many Africans who were given manipulative training. Their civilization had not yet grown to it. "Illiteracy is difficult to overcome. They are employable in certain areas, for example in sweeping the mill. But with anything that requires a certain amount of intelligence the extent to which you can train them is variable."

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Notwithstanding all this, I must report that the idea of doing business in South Africa is totally unacceptable we could not be true to the basic principles on which we run our business and we should lose our integrity in the process. We should have to operate within a social climate where the colour of a man's skin is his most important attribute and where there is virtually no communication between the races; we should be locked into this system. We should have to operate within an economic climate which is designed deliberately to demoralize and to maintain an industrial helotry; we should, in turn, profit from such exploitation and ultimately end up with a vested interest in its maintenance.

NEIL WATES (Managing Diretor, Wates Ltd.) 1970 A businessman looks at Apartheid, United Nations

Pay increases for black S Africans seen as self-defeating exercise

By Clifford Longley
Religious Affairs Correspondent

The round of wage increases for African employees in South Africa would be followed by a proportionate round of rises for white employees, thereby adding to the rate of inflation in South Africa and cancelling out improvements in African rates of pay.

Dr Baldwin Sjollema, director of the World Council of Churches' programme to combat racism, said in London yesterday that this effect was one of the basic flaws in the present campaign to increase African wages.

While welcoming the growing awareness of the economics of apartheid in Britain, Dr Sjollema said he feared that both the campaign instituted by *The Guardian* and the inquiries of the Select Committee of the House of Commons would fail to get to the roots of the problem.

Salary rises for Africans were like offering a prisoner a more comfortable bed for his cell, he declared.

Dr Sjollema was in Britain for talks with British church leaders as part of the WCC campaign to bring about the economic isolation of South Africa by the withdrawal of investment. This, and the policy of giving support to Southern African liberation movements by making grants for humanitarian purposes, was designed to bring about a radical political change in that part of Africa.

He acknowledged that the main British churches were now locked in debate on their attitude to investments in South Africa, but he had several criticisms of the attitudes and actions of the British churches to date.

Elsewhere in Europe and America the churches had taken up the WCC policy and triad to apply it. The WCC has urged member churches to use their investment power to persuade companies to withdraw from South Africa, and to cease investing in them if this persuasion failed.

He said he knew of several companies who had either sold up and moved out, or cancelled plans for further investment, after talks with church leaders. In Britain, in contrast, such a dialogue with industry had not yet begun

He would regret it, he said, if the Church of England sold its 70,000 shares in Consolidated Goldfields without first applying pressure to the company to cease its South African activities. (The issue of the church's shares in Consolidated Gold fields is contentious in the Church of England at the moment.)

"We have been disillusioned by lack of support from British churches so far," Dr Sjollema said. "But the education process has been extremely important in Britain. I would not be surprised if this would mean that in the future we would get more support."

There had been only two small British contributions so far to the special fund to combat racism, out of which grants were made to liberation movements in Southern Africa.

In spite of the presence in Britain of a black community of one and a half to two million, British churches "excelled" at discussing these issues in all-white conferences, he said.

The fund and the campaign on investments had been set up by the World Council of Churches to "expose the violence of the oppressors" and to break the religious sanction behind white violence in Southern Africa. In addition, the WCC wanted the Vatican to terminate its concordat with Portugal because of the situation in the African Portuguese territories, and had asked member churches to oppose further white immigration to Southern Africa.

Dr Sjollema said that none of the funds collected by the council to further its campaign had come from Eastern Europe or Russia, largely because of exchange restrictions, and Christian representatives from communist countries had not been prominent in discussions of these policies.

Nearly two-thirds of the \$600,000 spent by the programme so far had gone to Southern African liberation movements, but grants had also been made to help aborigines in Australia; Eskimos, American Indians and blacks in North America; Indians in South America; and Koreans in Japan.

British organizations which had received small grants included the Anti-Apartheid Movement, the Institute of Race Relations, the West Indian Standing Conference, the International Defence and Aid Fund, and the Africa Bureau.

Times, London, 21 June 1973 (left)

The Springbok's Share Account

Financial

College has investments in seven financial companies with interests in South Africa,
General Accident,
Hill Samuel Group,
Industrial and Commercail Finance,
Royal Insurance,
Slater Walker Securities,
United Dominions Trust.

Unfortunately, there is information of any substance on only two of these. It is interesting to note that General Accident and Royal Insurance both have interests in the insurance field, which, according to a South African official, h has, with its rapid growth, played *"a crucial role....in encouraging personal savings and investment"* [1], and this indirect role is another factor in contributing to the wealth of the South African economy.

Hill Samuel

"PROJECT YOURSELF INTO THE SOUTH AFRICAN PROFIT PICTURE. THE NET CAPITAL INFLOW INTO SOUTH AFRICA IN 1970 WAS A RECORD 557 MILLION RAND (347 MILLION POUNDS), AN INDICATOR OF THE CONFIDENCE FOREIGN INVESTORS HAVE IN SOUTH AFRICA'S IMMENSE GROWTH. HILL SAMUEL - INTERNATIONAL MERCHANT BANKERS WITH SIX SOUTH AFRICAN BRANCHES HAVE THE FINANCIAL AND LOCAL KNOWLEDGE TO ADVISE YOU ON THE BEST METHODS OF OBTAINING A LION'S SHARE IN THIS PROFITABLE MARKET" [2]

Thus runs one of Hill Samuel's advetisement's, telling of their involvement in South Africa which has in included raising a loan of over £23,000,000 for the South African Post Office to purchase telecommunications equipment from firms including General Electric and Plessey, both of which the College has shares in.

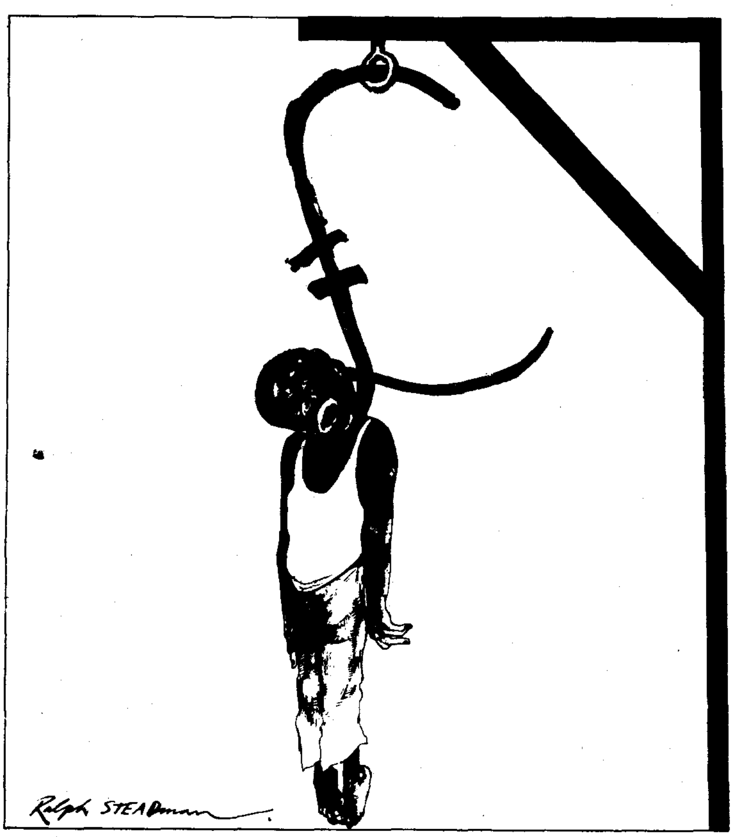
Information on actual conditions for black workers is not available but it is prpbably enough to know that in]970 the chairman could say in the annual report that the company was *"an important element in the financial life of South Africa."*

Slater Walker

Slater Walker were on the receiving end of the recent storm of publicity about the conditions under which Africans work for British Companies, due to the revelation of conditions on two farms owned by Natal Tanning Extract.

The firm, with maximum publicity, instigated a series of reforms which included doubling the lowest wages. This has been praised as being *"magnificent but long overdue"* [3] but the average increase was 50%, the pay is still at a malnutrition level and it is to be questionned whether fortuitous newspaper publicity will coincide with the time that the value of the increase has been inflated away.

1. South Africa. supplement to the Financial Times, London, 22 June 1970
2. Survey of South Africa. The Banker September 1971 page 48
3. Guardian, London, 9 April 1973



The Associated Portland Cement Manufacturers Limited
PARENT COMPANY OF THE
BLUE CIRCLE GROUP

Our South African Company enjoyed a record year in 1968, thanks largely to the output of the expanded plant at Lichtenburg and the building industry in general in South Africa continues to enjoy considerable propperity.

I would like to take this opportunity of making it as clear as possible that unless some recognition is given to our difficulties on the home market your board will have no alternative but to confine future capital investment to our Overseas Companies.

Chairman's Statement]968

Sir John Reiss, Chairman of Associated Portland Cement Manufacturers is a members of the council of the United Kingdom South Africa Trade Association.
"The main lobby group for trade and investment is UKSATA."2

With the prospect of better returns and continued growth plans are beign drawn up for further expansion at Lichtenburg Works.

Rhodesia continues to experience buoyant market conditions and with the addition of new milling capacity the performance of the Salisbury Portland Cement Company improved markedly.

Chairman's Statement 1973

WHITE'S PORTLAND CEMENT WAS UNWILLING TO GIVE HIM WAGE FIGURES, BUT THE RAND DAILY MAIL REPORTED SIX MONTHS LATER THAT THE COMPANY'S MINIMUM RATE AT IT'S LICHTENBURG PLANT WAS £2-47 A WEEK(3) - ONE OF THE LOWEST WAGE RAEES FOR INDUSTRIAL WORKERS IN THE WHOLE OF SOUTH AFRICA.2

White's begins to lift its sights

WHITE'S South African Portland Cement Company was the second to move into the South African cement-producing scene. Although it could not then be described as being close on the heels of the Pretoria Portland Cement Company, it was certainly a long way from being lapped.

With war clouds building up in 1913 it was not an attractive year for expansion in any industry, but nevertheless negotiations began then between J. B. White and Company and South African interests for the purchase of land in the Orange Free State.

The result of these negotiations was that, in the same year, White's South African Cement Company was formed. And in spite of the difficulties introduced by Kaiser Bill's actions, White's produced its first South African cement in 1914.

It is remarkable that during this year Pretoria Portland first found its feet; the beginning of World War I must be looked upon as the true beginning of the cement industry in South Africa.

White's original works was at Ventersburg Road (now Hennenman) in the Free State and consisted of two kilns. These kilns produced about 1 600 tons of cement a week.

In spite of the gradual growth of the South African economy, White's limited itself to this production for many years — and consequently may have missed the opportunity to take a greater proportion of the local cement market.

It was not until 1947 that the company became ambitious enough to launch out into further development.

The area selected was close to Lichtenburg, where a two-kiln production unit was planned. This came into operation in March 1950 and within four years a third kiln was added.

White's can hardly argue against being described as the least adventurous of the leading cement producers, but in the past few years it has lifted its sights.

One of the most modern kilns in the world has just been brought into service at Lichtenburg. The R17-million unit will produce 600 000 metric tons of cement a year and is one of the most highly capitalised units in the industry.

However, the ancillary installations have been designed to handle a second similar kiln without any addition.

Thus, when White's expands further the outlay will be considerably less in rands per ton capacity than the R28,30 spent on the present development.

White's main shareholder is the Associated Portland Cement Company of London, which has a 76 per cent stake. Union Corporation owns 17 per cent.

Output, accepting the new Lichtenburg kiln as working to full capacity, is close to 1,6 million tons a year. Future production plans are more or less dormant, but the layout at Lichtenburg has been planned to provide for three more 600 000-ton kilns.

The second two kilns would require further ancillary equipment, but they are evidence that White's forward planning is now showing more confidence.

White's other big development is a railway line to limestone deposits in a Tswana reserve close to Lichtenburg. It is 42 km in length and is expected to come into operation in 1976.

The deposit is of better grade than that being used close to the Lichtenburg works and already being worked in terms of an agreement with the Bantu Mining Corporation.

According to Trevor Coulson, White's managing director, a crushing plant will eventually be constructed at the rail head, providing a significant number of homeland jobs.

White's expects to have to finance the line out of its own pocket.

The last few paragraphs of the article on the right[1] indicate plans to expand into a Bantustan of African "homeland", in which wages are even lower than in the semi-rural area where White's Cement now operates. The strategic importance of Cement needs little emphasis. It has been reported[4] that the lowest paid workers at Lichtenburg have had wage increases of over 40%. Comparison with the figure above shows this to be a typically hollow victory for the Guardian campaign.

SOURCES

1. Sunday Times, Johannesburg, 16 April 1972.
2. Ruth First, Jonathan Steele and Christable Gurney, 1972, The South African Connection, Temple Smith (also Penguin)
3. Rand Daily Mail, Johannesburg, 30 July 1971.
4. Guardian, London, 9 April 1973.

Dunlop

"South African trade and industry are just as much based on Apartheid as cricket is" said Reginald Maudling in May 1970, making an attack on the Stop the Seventy Tour Campaign. From the success of that campaign we have come to the present position of being able to campaign on just that. Mr. Maudling of course should know, he is on the Board of Dunlop Holdings which owns 70% of Dunlop (South Africa), the following figures are percentages of worldwide totals,

Britain: turnover 43% profits 17#%

Africa (as a whole): turnover 9% profits 17%

South Africa accounts for more than half of the turnover figure for Africa as a whole and produced 3·47m, a 20·1% return on capital in 1970. Dunlop South Africa's profits doubled between 1965 and 1969, and despite small decreases in 1970 and 1971, Dunlop must still regard the long term prospects as excellent, since in the last few years a 9m investment programme has been has been instituted : 3m on modernising tyre machinery at Durban, and 66m on a completely new plant at Ladysmith, fittling in with the South African government policy of siting new industry in border areas where African labour is plentiful and wages are lower, and therefore qualifying for government grants. A Mr. Bexon, a director of both the parent company and of Dunlop South Africa claims that the border area policy is nothing really to do with Apartheid, *"It's rather like going to South Wales for example, so that all the indigenous Welsh come into the conurbations."*

Dunlop do not pay equal rates for equal work. They say they are moving towards this, and have worked out a 'philosophy' on 'non-white' employment. The question of equal pay, they say, is not yet an issue because of the differences in skill levels.

In 1969 the average African wage was paid by Dunlop was £440 per year. (24% up on 1965, profits rose 100% in the same period) In the Durban factory, the 1969 averages for African, mixed race and white were £510, £897 and £1431 per year respectively. The lowest scale at Durban was £5-65 to £8-15 per week while the maximum was £8-65 to £11-54 per week. The Durban factory employs 1430 African workers out of a total of 2400. Dunlop South Africa has a total of 5000 employees altogether and admits that it practices job reservation. Dunlop claim to to pay Africans almost double the statutory minimum laid down for in the agreements for the rubber industry. What they will pay at the new Ladysmith factory remains to be seen. Dunlop is one of the few companies not to be reticent about their wage record in South Africa.

Mr. Bexon takes a very relaxed attitude towards apartheid. Things he has said, cannot be that intolerable in South Africa because it was not difficult to get British executives to work in the Dunlop plant there but it was very difficult to get them to work in Zambia. He has also said that, *The shortage of skilled workers is invariably putting up white salaries. If there were more white emigration to South Africa, it would help.*

When Dunlop gave evidence to the House of Commons select Committee, it emerged that the minimum monthly wage for Africans was R64-50 (the minimum recommended by the Natal Employers Association is R94 per month). When pressed about this, Dunlop Chairman Sir Reay Geddessaid that *"he would not wish to instruct his companies under South African management"* what their employees should be paid. Committee chairman William Rodgers expressed amazement at this abdication of responsibility, Dunlop *"are the first company that has in a sense disclaimed the ability to change things."*

Main source: Ruth First, Jonathan Steele and Christabel Gurney, 1972, The South African Connection (Chapter 8)

OIL BP British Petroleum ESSO Texaco .. Shell

Oil is the great gap in South Africa's great supply of mineral wealth. It has to be imported from the Middle East, and is refined by British and American Oil Companies in spite of a UN resolution of November 1963 urging member states to stop oil supplies to South Africa.

South Africa is thus largely dependant on the efforts of BP and Texaco, in both of which College has investments.

DENYS MILNE, new chief executive of BP in Southern Africa, revealed this week that his group now has almost R100-million invested in the region.

In an exclusive interview Mr. Milne also disclosed that:

- BP turnover in Southern Africa was R110-million in 1969, and has risen strongly since then.
- BP has been investing R12-million a year in Southern Africa.
- BP tankers passing the Cape spend R1,5-million a year in South Africa on food, equipment and services.
- BP has chartered two of the three supertankers now being built for Safmarine in Japan.
- BP has spent R986 000 on searching for oil in South and South West Africa.

These disclosures are the first of their kind by an oil company in Southern Africa. They follow the BUSINESS TIMES analysis two weeks ago of the accounts for BP Natal Trading, holding company for many of BP's operations in the sub-continent.

This report, however, could not reflect the full sweep of BP activities in Southern Africa.

Mr. Milne, a burly and genial giant standing 1,98 m (6 ft. 6 in.) tall, this week revealed figures showing that BP had one of the biggest industrial companies in Southern Africa.

Sunday Times, Johannesburg, 30 May 1971.(above)

BP defoliant used in Southern Africa

British Petroleum is helping to manufacture chemical weapons used by the Portuguese in the liberated areas of Mozambique and the British Government, which has a big holding in BP, has refused to step in.

A Sunday Times reporter revealed last month that South African mercenaries were being hired by the Portuguese to spray defoliants on crops in northern Mozambique. The herbicide used was Convolvutox, a mixture which kills all broadleaved plants.

Convolvutox is manufactured in South Africa by the State-dominated chemicals giant Sentrachem. Sentrachem was formed in 1967 by a merger of several South African companies and BP Chemicals and BP still has a 19 per cent holding. BP is also one of the biggest oil companies in South Africa and together with Shell owns one of its four oil refineries.

In a letter to Frank Judd MP, Lord Limerick, Under-Secretary at the Department of Trade and Industry, says that Convolvutox is designed 'to eradicate a type of convolvulus weed prevalent in certain wheat-growing areas of Africa. I am informed that in normal use it does not kill grassy plants such as wheat or maize'.

He says that there is nothing he can usefully add about Sentrachem's sales policy or the extent to which it is influenced by BP and that he is sure that 'British Petroleum are very conscious of their responsibilities on environmental matters'.

FRELIMO (the Mozambique Liberation Front) says that the defoliant-spraying raids are still continuing. The local people are not starving because they have planted crops in many small clearings in the bush and are still able to get food from places the planes have missed.

11 News Time Out August 18–24 1972

THE BP oil group makes taxed profits in Southern Africa in excess of R15-million a year, earning an excellent 35 per cent return on its investment of R40-mil''on in South Africa, Botswana, Lesotho an·' ›waziland.

Shell is estimated to hold 27 per cent of the South African petrol market, followed by BP with 12 per cent. Next comes Caltex, whose taxed profits were revealed by BUSINESS TIMES in March as R7.3-million in 1969 and R7,7-million in 1970.

The Shell-BP refinery at Reunion, Durban, came into operation in 1963. In 1969 it processed 29.4-million barrels of crude oil and feedstock.

Sources

(1) UN report Doc. A 6868, New York, November 1967

(2) Los Angeles Times, 8 January 1968

(3) Council on Economic Priorities: Economic Priorities Report Vol 1, No 5 October 1970, Washington

Ball & Collins

The South African oil refineries also supply Rhodesia, against UN mandatory sanctions. The UN reported:

"In spite of these sanctions.. Southern Rhodesia is still receiving sufficeint oil to meet its industrial requirements. The origin of the oil should be emphasised. It was no secret that the United Kingdom and United States companies, such as Caltex, were the main suppliers through their South African subsidiaries...Inorderto be able to do this more efficiently Caltex was reported to have extended its storage tank facilities in August 1966."(1)

The discovery of oil within South Africa would naturally be a great boost to its economy. British, French and American companies are prospecting for both on and off shore supplies in South Africa and Namibia. Caltex ran a series of ads in Johannesburg papera which read:

"Ahead of Caltex lies many years of search and perhaps disappointment....or the discovery which will free South Africa for all time from dependence on outside oil supplies."(2)

According to the Diario de Lisboa of 22 May 1971 Ball and Collins has formed a company which is to prospect for oil off the Portuguese coast.

No information is available at present on wages in the B.P. and Caltex subsidiaries. We can only give a reminder from Esso on the position of companies in South Africa:

"As a guest corporation in SA we are required to operate within the law of the country, as indeed we are obliged to conform to the laws enacted by the sovereign government of any country in which we operate."(3)

Electrical

RACAL
The Electronics Group

Racal designs radio equipment specifically for military use. It recently made a $7,000 donation to the Portuguese troops *"for their unrelenting efforts to bring peace and prosperity in Mozambique and Southern Africa"* (Diario de Noticias, Lisbon, 6 and 8 july 1971).

G.E.C.

General Electric Company

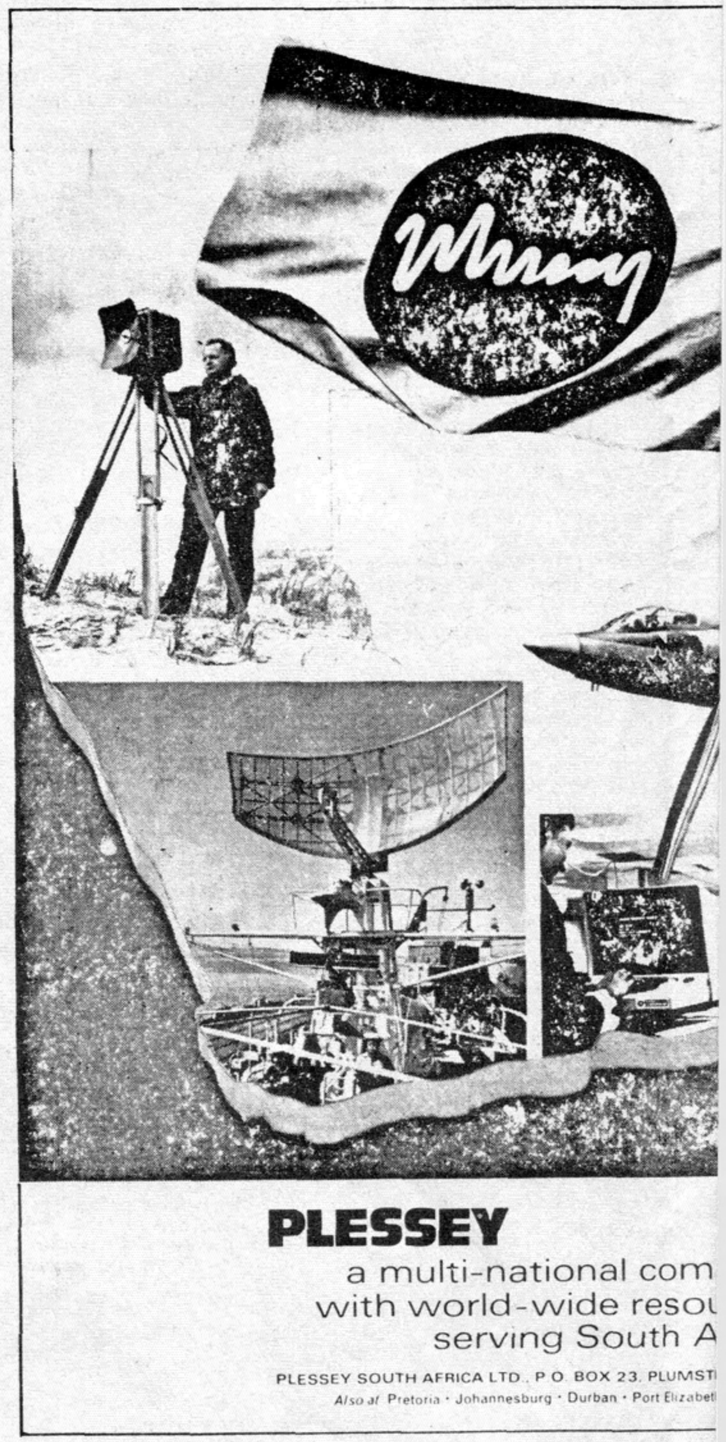
G.E.C. is the biggest British-owned electrical firm operating in South Africa, and one of the largest firms in this field in the Country. Overall, it employs 4,000 people, and has subsidiaries in a wide range of fields, including the manufacture of mining equipment and the supply of various equipment to the South African defence forces, including a system of radar beacons on the coast of Namibia. The overall holding company keeps its profits a closely guarded secret and is not quoted on the Johannesburg Stock Exchange, like a number of other British owned companies.

The company reckon they are one of the better employers in South Africa, and therefore they are not as reticent as many other British companies about the wages they pay. From 1st April 1973, the companies had their wages increased by 15%. The company chairman, Lord Nelson, has claimed that this increase has brought the wages of all its workers to above the PDL, so long as they work the 'standard' 5 hours per week overtime on top of the ordinary 45 hour week. This claim deserves a little investigation, however, the basic wage in Cape Town and Durban is R72·15 per month. After 5 hours overtime this becomes R82, which is still below the accepted PDL for the area concerned.

The conditions of G.E.C South Africa's African workers should perhaps be contrasted with the promises held out by G.E.C. in an advert placed in that politically concious newspaper, the News of the World - *"two year contracts, free housing and all fares paid"* - to do electrical work in Northern Transvaal - *"See the sights the tourists have paid to see"*. A rather different class of migrant labour from that that does most of the work in South Africa.

PLESSEY

South African profits before tax were £1,500,000 in 1970, 35% up on 1969 and in 1970 South Africa accounted for 5% of turnover. In the middle of 1970 the company was in the fina[l] stages of buying a site to expand production o[f] manual and automatic telephone exchanges. (Financial Times, London, 11 May 1970) In 1971 the *Guardian* reported that a British consortiu[m] including Plessey was working on plans for a guided missle system for South Africa, and in September 1971 it was reported to be consideri[ng] moving its factory at Alexandria, Dunbartonshi[re] which makes torpedoes, to South Africa.



Who's Who of Southern Africa, 1972

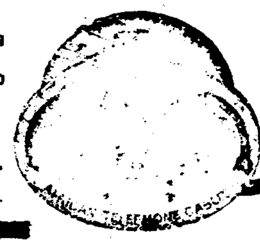
ATC believes in South Africa's future.

African Telephone Cables' new quarter of a mile long cable factory at Brits is our show of faith in a bright future.

Our investment of R10 million in this strategic industry makes us ready at any time to expand production to supply Southern Africa's ever-increasing demand.

We're prepared to meet any new challenge in telephone cable manufacture and are already set to go with the manufacture of co-axial cable for the first time in Southern Africa.

Because we believe in this country, we've left plenty of room for expansion.



AFRICAN TELEPHONE CABLES.
MARTHINUS RAS ST., BRITS BORDER AREA DEVELOPMENT.

Sunday Times, Johannesburg, 29 April 1973.

AFRICAN TELEPHONE CABLES (Pty), largest in the telecommunications field, with a 75 per cent share of the market, has launched a new cable plant project which will cost an estimated R10-million.

ATC is jointly owned by British Insulated Callender's Cables, one of Britain's top cable manufacturers, GEC/AEI and STC South Africa and was last year involved in a costly cable importation project to satisfy an upsurge in demand by the Post Office, which caught it unprepared.

Together with Aberdare Cables, which operates mainly along the coastal areas, ATC provides the total Post Office main cable requirement.

Now that work has started on a new factory in the Brits industrial complex, it is expected that the complete range of telecommunications cables used by the Post Office, South African Railways, the Defence Forces and many industrial companies will be available from the local production lines.

About R1.5-million is being spent on new cable-making machinery from the UK, including the latest co-axial cable production machinery, which will save about R500 000 in foreign exchange — the estimated bill for co-axial cable imports next year, when the plant comes on stream.

Fast growth

Logan Stewart, newly appointed managing director of ATC, expects a growth rate of 8-9 per cent for cables next year and 10 per cent for co-axial networks.

Mr Stewart has been general manager of the company since 1965 and brings 25 years of experience with STC to the ATC hot seat. He has seen increases of between 25 per cent and 50 per cent in the demand for certain types of cable.

The current steep growth rate has followed.

"This new cable factory is an important development for the South African economy. It not only increases national self-sufficiency in a vital product, but also gives us the opportunity to increase our exports," said Mr. Stewart.

Although the co-axial cable is primarily intended for the main telecommunications trunk routes, the same types will be needed for transmitting TV programmes.

BICC

British Insulated Callenders Cables

From their Annual Report 1971:

<u>Portugal</u>

In Metropolitan Portugal the demand remained good and CEL-CAT with its construction subsidiary, BIC Construcao Portuguesa was able to absorb some very substantial increases in wage costs and still record a very satisfactory year. The subsidiaries in Angola and Mozambique both produced good results and are being further expanded both in capacity and range of products.

<u>Rhodesia</u>

Results from Rhodesian Cables Ltd. and our other interests were again satisfactory but all funds remain of course frozen and a most artificial position continues to apply.

<u>South Africa</u>

There was a buoyant first half in 1971 but no let up in the inflationary spiral resulting in Government action to clamp down the economy. Scottish Cables (S.A.) Ltd. had a long order book and results achieved a new record. Our important Associated Companies had generally a similar experience and although some slowing down is taking place, we anticipate another good year from our large and important interests in this territory.

British-American Tobacco

British-American Tobacco says that it has no "principal trade investments" in South Africa, between 80% and 90% of materials used are reported to be imported from Britain and the United States.

All products sold in South Africa are packaged at the Cape Town factory, where a policy of equal pay for equal work applies. This is no mere lip service to a principle. The man in charge of the despatch department is Coloured. He earns as much as his white predecessor. The assistant supervisor in charge of the production girls is also Coloured.

Times, London, 4 March 1973.

The above is rather a good example of a piece which skates over the surface of a problem, pointing out a few salient facts and leaving many questions unanswered that you might not ask unless sufficiently familiar with the situation to pick them up. We will take it apart line by line.

All products sold in South Africa are packaged at the Cape Town factory, where a policy of equal pay for equal work applies.

It is a truism that such policies work most smoothly where there is no equal work to be equally paid. British employers have been gradually ensuring that women and men do not do the same work ever since the Equal Pay Act, for example. The statement implies, and certainly does not deny, that there are few people wrking with others of different races.

This is no mere lip service to a principle.

If pay differentials by skill and race just happen to co-incide a few anomalies are neither here nor there and may be good for overseas consumption.

The man in Charge of the Despatch department is coloured. He earns as much as his white predecessor.

He is only one man, and it is worth asking how long he has been in the job since the white predecessor left, what the white predecessor is now being paid, and what white in similar jobs are being paid.

The assistant supervisor in charge of the production girls is also coloured.

This could easily be an example of what First, Steele and Gurney refer to as 'the floating colour bar", which moves as the economy changes and the gap is preserved, often widened.

Reed International

"I regard South Africa as one of the best countries in the world in which to invest. If these people (anti-apartheid campaigners) do come to our meeting I will not speak defensively about our investment here. I will be on the attack."

Sir Don Ryder, chairman of Reed, in South Africa in July 1971.

Ten years ago, Reed was operating almost exclusively in Britain. Over recent years, however, reed has become one of the takeover specialists which flourished during the late sixties merger boom. In the process, several small South African subsidiaries were aquired. Since then, Reed have been busily expanding their South African interests.

As at 1971, the company's investments in the country had more than trebled in the previous two years, and this rate of expansion is scheduled to continue over the next few years, from a figure given a year ago of R11m to R25m by the end of that year and to R80m by the end of three years. Keartlands, an important South African paper and packaging company (printing contract for the South African edition of 'Time") has been completely taken over by stages in the last few years. According to the Johannesburg Sunday times (23 May 1971) reed are now *"well established in Canada and Australia, and regard South Africa as their next point of growth overseas."* Reed's South African holding company is shortly expected to seek a quote on the Johannesburg Stock Exchange.

Reed's activities elsewhere deserve attemtion. Recently Sir Don Ryder has been in Mozambique to discuss a joint investment in the Portuguese-occupied colony with Sogere, a Portuguese company. He was in Lourenco Margues

the day before Father Adrian Hastings released reports of the Wiriyamu massacre, and confirmed that Reed were already *"in the phase of studying several important investment schemes in Mozambique."*

Reed will be familiar to you as Polycell, the Daily mirror, Crown, New Scientist, Woman's Own,

Joseph Lucas

"In South Africa an important development is the construction of a new factory to supply electrical equipment to the steadily growing vehicle industry. In support of our expanding manufacturing interests there we have acquired the important distributive and service business of Stansfield Ratcliffe Pty."
Annual Report 1970

Amulti-million Rand factory at Florida, near Johannesburg, to make Lucas electrical parts for cars was opened by the Chairman (Sunday Times Johannesburg, 29 August 1971).

"Trading subsidiaries which operate in many parts of the world including...South Africa... continued to operate satisfactorily and increased their turnovers during the year...
Annual Report 1972

Trust Houses Forte

Trust Houses Forte is the largest industrial and institutional caterer in South Africa, employs a staff of 2500 and British Catering management. They had to close down a frozen meal operation in November, which accounted for 2% of turnover. Their Mr. Smith said that South Africa was not yet ready for frozen meals at this stage, mainly because of the limited market for relatively expensive meals. This limited evidence we have on the company shows the classical behaviour of importing skills, management and capital which typifies the economy and society/

Bowaters

This paper group has two wholly owned South African subsidiaries, but it's principal South African investment appears to be a 15% interest in the Mondi Paper Company, which is of comparatively recent origin, having been set up in the last few years to produce "quality" papers. The scheme involved the construction of a R19m pulp mill and a R38m paper mill on the Umzimkulu river, near Durban. Despite queries about possible pollution and the quantities of suitable timber available locally, the first machine in the paper mill came into use in summer 1971, and the second in March 1972. A report in the Johannesburg Star (26 September 1970) estimated that the scheme would save South Africa about R26m per year of foreign exchange. Conveniently enough, at around this time the South African government introduced rigid import controls on the types of paper produced at Mondi. The 1971 annual report of Bowater proclaims that this would ensure full production at the mill. Bowaters act as technical and rpoduction advisers to the company.

Most of the remainder of the equity of Mondi is held by the Johannesburg Consolidated Investment Co. Ltd. and the Anglo-American Corporation of South Africa Ltd, two of the largest mining finance houses, and Harry Oppenheimer of Anglo-American is chairman of Mondi.

Bowater's South African connection is recent, expanding, and in a field which its partners could not have entered without the expertise which Bowater provides.

Pilkingtons

Pilkington's began their African workers below the Association of Chambers of Commerce poverty line.1 Pilkington has a near monopoly over 90%, of sheet glass production and the Government has an import duty on glass.2 .

There are plans to spend %10m, R17m, on a float glass plant at their works at, Springs Transvaal, which is intended and expected to be operational in October 1975.3

The average wage overseas declined from 1971 to 1517 in 1972, which compares with 1760 in the United Kingdom. These figures of course conceal considerable variations.

1. Ruth First, Jonathan Steele and Christabel Gurney 1972, The South African Connection. Page 156
2. Financial Mail, Johannesburg, 11 June 1971
3. Financial Mail, Johannesburg, 18 November 1971. Rand Daily Mail, Johannesburg, 22 July 1971

Imperial Chemical Industries Limited

ICI has a wholly owned subsidiary in South Africa, ICI (South Africa) Ltd., which has three subsidiaries, ICI Pharmaceuticals, Optilon Africa and ICI (Angola), as well as large minority holdings in South African Nylon Spinners (37 %) and in African Explosives and Chemical Industries Ltd. (42 %)

ICI (South Africa) is a relatively small operation, employing only 1100 people, although plans are made to expand:

> *ICI (SA), a wholly owned subsidiary of Britain's ICI group, has begun a R3 million expansion plan aimed at increasing its share of South Africa's expanding pharmaceutical market.*
>
> Sunday Times, Johannesburg, 11 July 1971

Its turnover is much larger than its numbers of employees might suggest, however, since over a third of its sales in South Africa are imported from ICI in Britain (it has a turnover of £29 million, of which £11,665,000 is imported). The mainitems manufactured in South Africa are soda ash, pharmaceutical products and zips. Pre tax profits in 1970 were £3,641,000.

The wages payed by ICI(SA) are above average for South African industry - the lowest paid African workers (cleaner) start at £8-40 per week , which rises to £15-40 after 11 years. The highest African wage is £25-55 for handymen, painters and printing shop operators, etc., although some Africans are employed as punch card operators, starting at £10 per week which can rise as high as £30 per week. White girls doing the same work start at £30 per week.

South African Nylon Spinners is a company that manufactures synthetic fibres using ICI techniques, processes and registered Trade Marks.

African Explosives & Chemical Industries Ltd

The 42 % of African Explosives and Chemical Industries which it holds is ICI's main contribution to upholding the status quo in southern Africa. AE &CI is the main suplier of sulphuric acid, chlorine, ammonia and nitrogen. It is providing most of the explosive required for the Cabora Bassa (or Cahora Bassa) dam project on the Zambesi in Mozambique and has a wholly owned subsidiary with a monopoly of phosphate fertiliser in Rhodesia.

> *"The company can be said to be not only the cornerstone of the SA chemical industry, but also the most reliable barometer of industrial activity"*
>
> AE & CI Annual Report 1972

AE & CI has in recent years been ther second largest company in South Africa by capital employed and has made the largest profits. In 1970 profits before tax showed an increase of 40·1% over 1969. ICI's share of dividends for 1972 was four and a half million pounds.

The huge return on capital employed follows directly from AE & CI's use of low paid migrant workers. A new R77m nitrogen complex and a R30m ammonia plant have been built at Modderfontein near Johannesburg. The Guardian, 24 May 1973, reported from the Select Committe enquiry into wages:

> *"at December last year 40% of the black African work force at Modderfontein were paid below the PDL. This has been improved."*

There was no specification of the extent, distribution or inflation resistance of the improvement.

AE and CI for Mozambique

AFRICAN EXPLOSIVES and Chemical Industries is forming a new company in Mozambique in partnership with two Portuguese manufacturers, which will make commercial explosives.

A.E. and C.I. will have a 50 per cent. interest in the company, with the Lisbon-based partners, Sociedade Portuguese de Explosivos and Explosivos da Trafaria Sarl, each holding 25 per cent.

The company, which has still to be named, will establish a factory at Beira or Lourenco Marques at an initial cost of R500 000.

The raw materials and accessories required will be imported from South Africa and Portugal. Production will be sold through A.E. and C.I.'s wholly owned subsidiary, A.E. and C.I. (Portugal).

RANGE

A full range of explosives to meet local demand will be produced and the know-how and management for the factory will be provided by A.E. and C.I.

The total requirements for the construction of the Cabora Bassa dam are supplied by the three partners in the new company. It is expected that the contracts for the construction of a further project will be awarded during 1971. — Reuter.

Star, Johannesburg, 16 January 1971

Faced with increasing overheads, AE & CI practises what they call "job enrichment." Black workers are introduced into semi-skilled jobs which were previously reserved for whites at considerably lower wages. White Trade Unions simultaneously negotiate increases for the people further up the scale, the wage gap widens and the company makes an overall decrease in its wage bill.
(This process is general in South Africa. It is more fully explained in chapter 4, the floating colour bar, of The South African Connection by Ruth First, Jonathan Steele and Christabel Gurney. 'Building bridges' naturally helps it along.)

"AE & CI factories operated closed-shop trade union agreements with white and coloured pay-roll employees. Advancements of Africans and Asians into progressively more skilled work was in most cases subject to an agreement with the union concerned."
Guardian, London 24 May 1973.

Jack Callard, Chairman of ICI said at a shareholders meeting in 1971:
"There are many aspects of the apartheid policy which we don't agree with but I firmly beleive that through having a presence in South Africa we can do far more good in relation to these problems than we can by pulling out even if it was possible to pull out."
Daily Telegraph, London 4 May 1971

"We do not support any particular regime in any country in which we operate. We are in business to do trade wherever we can."
Evening Standard, London 3 May 1971

The University of Leeds announced in April 1973 that it would sell its holdings in ICI, worth some £19,000, because of the company's involvement in southern Africa.

Other Companies

Burmah EMI General Accident rhp THORN

Associated Biscuit Manufacturers and Duport have South African subsidiaries which are reported to be dormant.

We have been unable to obtain any evidence on:

- Brooke Bond Liebig
- Burmah Oil
- Delta Metal
- Distillers
- Electrical and Musical Industries
- Great Universal Stores
- General Accident, Fire Life Assurance
- Glynwed
- Industrial and Commercial Finance
- International Compressed Air
- Mercantile Credit
- Ransome Hoffmann Pollard
- Redland
- Royal Insurance
- Transport Development Group
- Thorn Electrical Industries
- United Dominions Trust

Royal Insurance

And while these young South Africans are building Fords they are also building South Africa.
They are building industry.
Economic growth.
And a bright, peaceful, prosperous future.

Who's Who of southern Africa 1972 (right)

IN AND FOR SOUTH AFRICA Ford

S. Africa's black workers struggle for T.U. recognition

by Jack Jones, General Secretary, Transport and General Workers' Union

Taken from his article in the December 1973 issue of *Third World* published monthly by the Fabian Society.

THE recent visit of a TUC delegation to South Africa broke new ground in establishing outside contact with the emerging African trade unions. The visit also gave encouragement to the many people of all races who want to see an end to apartheid, including many industrialists who recognise the need for a more progressive and liberal approach, if South Africa's industrial expansion is to be assured.

As far as those who took part in the visit are concerned, in no sense is our hostility to apartheid modified. On the contrary we found the distasteful characteristics of discrimination emphasised and clearly displayed in the structure of the labour force in industry. Here, we saw direct evidence of an ever widening number of jobs being taken over by African workers, at much lower wages than those generally prevailing for white workers. Newspaper exposures in Britain, and spontaneous industrial action (such as in Natal) generated new approaches and a wave of wage increases, but in the main the increased cost of living has more than absorbed the wage increases.

It was clear to us, however, that discrimination takes one of its sharpest forms in the refusal—certainly at Government level —to recognise the right of Africans (who make up 60 to 80 per cent of the active labour force) to operate and enjoy the benefits of trades unionism.

Most white trade union leaders, and to a greater extent employers, gave the delegation the firm impression that they favoured the elimination of regulations which stood in the way of the best possible deployment of labour for the purpose of economic development.

Employers lack courage

This was not for idealistic reasons alone. It is simply that management, particularly that of foreign firms in South Africa, shared the criticism of racialist ideologies because they feel that the country has enough difficulties without the extra complications created by apartheid, and they therefore feel it is time to get rid of it.

But the employers seem to lack the will and courage either to use their influence with the Government to change its policies or to move quickly, within the limits of the existing law, to encourage African trade unions.

The Vorster Government's policy is against the recognition of African trade unions, and does not permit them to register. It also expressly forbids the admission of black workers to registered trade unions of white, coloured, or Asian workers.

The principal law dealing with relations between employers and workers in South Africa is the Industrial Conciliation Act. This defines the term "worker" from the racial standpoint. Although the Africans represent a major part of the labour force, they are not regarded as "workers" (or employees) under the law. The Government considers that African workers do not fall within the limits of legislation for trade unions and wage negotiations.

Workers intimidated

The Act sets up a system of Industrial Councils covering negotiations and agreements between employers' associations and trade unions for whole industries or part of an industry. The agreements reached have a legally binding effect (although employers can pay more than the minimums laid down). The minimum rates apply to Africans who may be employed in the enterprises concerned although they are not allowed to be members of the unions on the Industrial Council. On the other hand social benefits which may be negotiated by the Industrial Councils are not bound to apply to all workers. For example in the agreement covering the iron, steel, engineering and metal working industries there are 13 wage groups of which the five lowest are normally applicable to Africans. But many of the social benefits granted to the better paid jobs e.g. sickness benefit or retirement pensions, do not apply to the five lowest wage groups.

Poverty Datum Level- PDL

Reference has been made many times throughout this pamphlet to the "Poverty Datum Line". Poverty Datum lines are the outcome of academic excercises in Universities and represent a calculation of the minimum income required to purchase a certain amount of basic commodities. These vary from place to place and according to who calculated them, and do not cover every area. They tend to cover the areas near to the white Universities, and therefore the Bantustans and Border Areas where conditions are worst are not covered. As a means for employers to fix wages they are thoroughly paternal, that wages rarely reach such a paternalistic, poverty level is a reflection of how bad the situation is. The PDL is in no sense a suitable target for solidarity actions, whose central belief is not in futile attempts to improve the black workers lot from afar, but to support the actions they are taking themselves and to act in harmony with their requests to their friends abroad. The main point of all such requests is boycott.

Boycott - the African view

Well over ten years ago, Chief Albert Luthuli, President-General of the African National Congress of South Africa said the following in his appeal to the British people:

> *"I would ask you to unite in demanding that your government should honour the resolutions taken at the United Nations..I would urge you that you and your government be not deterred from any action by the excuse - often advanced by our oppressors - that sanctions and boycotts will bring us, blacks, more suffering than the whites. We have been victims of suffering long before our boycott and sanctions call to the nations of the world. We are committed to suffering that will lead us to freedom - as it has been the lot of all oppressed peoples before us from time immemorial. What we are determined not to do, cost what it may, is to acquiesce in a status quo that makes us semi-slaves in our country.*

Johnathan Steele

Jonathan Steele, a feature writer on eastern Europe for the Guardian, was joint author of the book, the South African Conncction, to which we have made frequent reference. This book was published well before the Guardian campaign linked to wagesonly was begun. It examines in great detail the position of foreign companies in southern Africa and their integration into the oppressive society and concludes with the necessity of supporting the boycott call of the African National Congress. Ruth First, another of the authors, told the National Union of Students and Anti-Apartheid Movement Southern Africa Campaign Conference in Birmingham in July that the Editor of the Guardian will not allow Jonathan Steele to write on southern Africa in the Guardian.