

South Africa

During the war years, 1939-1945, in South Africa there had been rapid development in the manufacturing industry and a large migration of blacks into South African cities and towns. The now famous South African Tomlinson Commission saw a situation was developing between whites and blacks which could produce "cultural and economic equality leading to political equality... increased social contact and association and the ultimate result complete racial assimilation." To ward off such an evolution, the Nationalist Party, elected in 1948, adopted a policy of apartheid or, as it is sometimes called, "separate development" or "plural relations".

In 1949 an act prohibiting marriage between blacks and whites was passed and in 1950 the Immorality Amendment went through, making sexual intercourse between members of different races a criminal offence.

Successive legislation virtually eliminated any voting rights for blacks.

Bantu Labour Legislation effectively barred blacks from forming or joining unions and there was legislation concerning job reservation for whites which is intended to "safeguard against inter-racial competition".

To achieve geographic separation among races, all Africans have been assigned citizenship in 10 homelands. Though there are about 20 million Africans to 4.5 million whites in South Africa, these black homelands only comprise 13% of South Africa's land area. "Non-productive" Africans live in these homelands while about half of the African population live in white areas. Africans in white areas come as migrant workers, with one year contracts to stay and no civil rights. This system ensures a ready supply of black labour for the white economy while providing that workers and their families do not settle in white areas.

"Pass laws" require blacks to carry pass books containing personal data about themselves.

Black education, unlike that for whites, is neither compulsory nor free and suffers from huge inequities in funding allocations.

There is a pervasive security system repressing black and, increasingly, white opposition to apartheid.

One of the most publicized instances of this repression occurred at Sharpeville on March 21, 1960 when police opened fire on a crowd of blacks peacefully protesting the passage of the aforementioned pass laws. 69 Africans were killed and 178 wounded.

In 1975 the average per capita income for whites was fourteen times that for blacks.

Life expectancy is about 15 years lower for blacks, while sickness and infant mortality rates are much higher for them.

Today the basic elements of white supremacy in South Africa, as outlined above, remain.

Most experts agree change is inevitable in South Africa.

"When 4 million people think you can disenfranchise 20 million you have an explosive situation," says Webster, a Dalhousie history professor who has worked for several years in southern Africa.

Paul Clark, Cathie McDonald and Greg Morgan helped write and research this article.

"It is a contradiction that Canada will go to the UN and condemn human right violations in countries, then enjoy profits from cheap labour from those same places."—Dumisani Gwebu, president of Dalhousie's International Students Association.

Where does Dalhousie fit into the world of business, of international politics, of corporate exploitation of workers, of systematic discrimination and repression? What role should it have in relation to countries like Chile and South Africa?

A look at our university's investment portfolio raises questions like these.

Dalhousie has over \$22 million indirectly wrapped up in Chile and South Africa.

According to the University's financial statements for 1976-1977, Dalhousie had stocks and bonds with a total market value of about \$4,126,000 in 21 Canadian or multinational companies widely known for their operations in South Africa, Chile or both. A listing of university stockholdings as of March 3, 1980 (bond statements were not available at press time) show Dalhousie's investments in these regimes are increasing.

Moreover, as of March 6 of this year Dalhousie had \$18 million invested in five major Canadian banks which have given enormous financial aid to the governments of either South Africa or Chile or both.

It is indisputable that the Chilean and South African governments are extremely repressive, exploitative and brutal bodies (see boxes). But the question of whether companies operating in these countries are helping or hurting victims of tyranny and exploitation is a more contentious issue.

Weighing the relative benefits and harms of these holdings is a long, involved task which takes one anywhere from the Board of Governors to the United Nations to Chile to the boardroom of Noranda Mines Ltd. Let us begin with the companies' operations in the countries themselves.

CHEAP LABOUR IN CHILE AND SOUTH AFRICA

In June, 1973 Hugh Nangle, who had recently returned from working in South Africa, contributed several long articles to the *Montreal Gazette* and the *Ottawa Citizen* giving a detailed, critical examination of specific Canadian corporations in South Africa. He focused on the Aluminum Company of Canada Ltd. (Alcan), Bata Limited, Falconbridge Nickel Mines Limited, Ford Motor Company of Canada, Massey-Ferguson Limited and the Sun Life Assurance Company of Canada.

Dalhousie invests or has invested in all of these companies except Bata Limited. Despite huge profits, Nangle found Black workers were paid tragically low wages by all of these corporations. Repressive legislation like a Bantu Labour Relations Bill of 1973, which forbids Blacks, but not whites, from forming unions, automatically makes foreign investors exploiters.

Nangle concluded Falconbridge Nickel Mines, in which Dalhousie owned shares totalling \$311,500 as of March 6, 1980, had the "most unenviable, depressing record".

At Falconbridge's Blanket Mine, the 500 African employees received a starting wage of 56 cents a day and were crowded in "houses" or shacks which consisted of two-room asbestos corrugated sheeting. Workers' food rations were described as "grossly inadequate to feed a worker and his family".

This is contrasted by white accommodations which included attractive homes, gardens and automobiles and recreational facilities like a swimming pool, tennis court and a clubhouse.

"It is not unfair to charge that Falconbridge is operating a slave-labor mine", said Nangle.

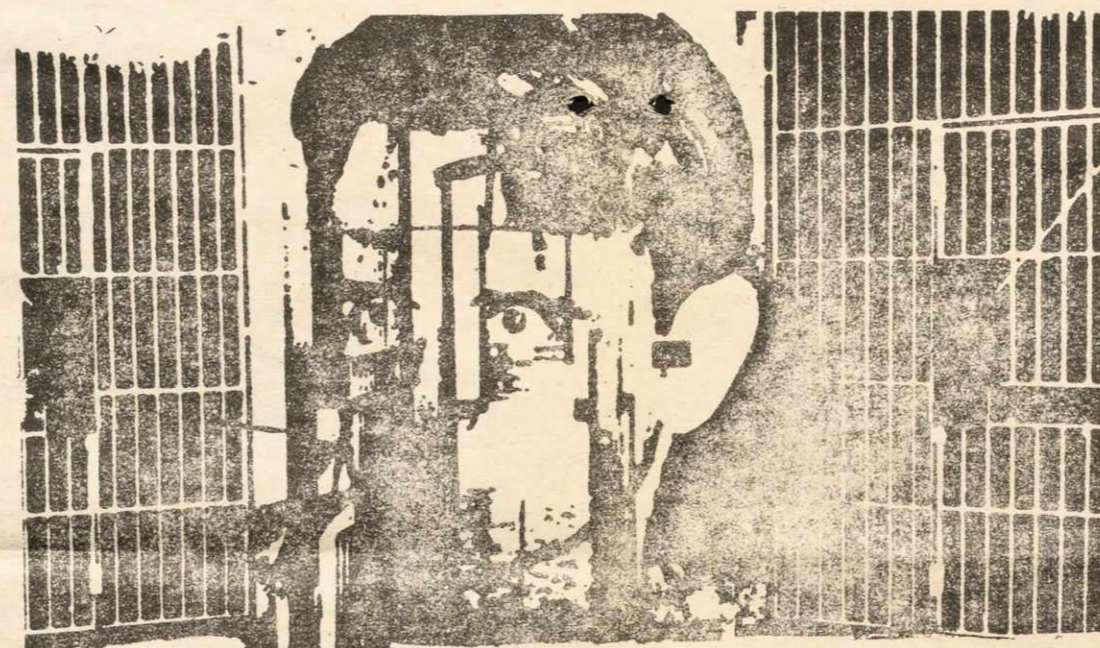
Alcan, in which Dalhousie had investments totalling \$198,099 as of March 6, had assets exceeding \$41,300,000 and was condemned not only for its wages but for its attitudes to workers. This is exemplified by the company's

Dal exploits Third World

plant were paid below the Datum Poverty Line for the area. Some companies were better than others, however.

Ford Canada, whose approach to its workers was commended as being the best among Canadian subsidiaries investigated, paid all of its workers above the Poverty Datum Line, gave substantial educational assistance to its black workers and their children (whites receive free education from the state) and gave small interest free loans to its workers.

Despite these benefits, Ford, according to Nangle, was still "entrenching the system". This is evinced by the fact that there was not one black, "coloured", or Asiatic foreman in Ford's plant in South Africa, as well as the absence of blacks from the top two of the plant's four wage levels. "Canadian subsidiaries," Nangle concluded, "built themselves on the cornerstones of racism: denial of political, civil and work rights to Africans."



"South Africa is so advanced that it needs investment to keep going. If it were withdrawn it would crumble."

Dalhousie students from Southern Africa indicate little has changed since 1973. "These companies thrive on cheap labour. Since blacks cannot join unions, they must put up with anything because there is no grievance system," says one graduate student from a country adjoining South Africa who wished not to be identified.

The pressure of a high black unemployment rate, he says, forces blacks to work under conditions they would otherwise find intolerable.

"Management in these countries always tries to put on a good face", he says, "but a look beneath the surface reveals a grim reality."

He tells stories about friends whose university education was financed by insurance companies that refused to hire them when they received their degrees, and of blacks with high mathematical aptitudes working on conveyor belts.

Regarding Chile, Dalhousie now holds more than \$2,700,000 in shares in Noranda Mines Ltd., International Nickel Company of Canada Ltd. (Inco), Reed Paper Co., Falconbridge Nickel Mines Ltd., and the Exxon Corporation, all of which operate in that country.

A report prepared through a United Nations commission on human rights in August, 1978 showed that in order to attract foreign investment the junta provides cheap labour and a "violently enforced" discipline of workers.

The commission reported that in Chile there are no trade union freedoms, no right to collective bargaining and no right to strike.

Because the Chilean government was violating human rights to benefit from foreign development, the commission concluded such involvement is "instrumental in consolidating and perpetuating the present repression of these rights".

THE BANKS: KEEPING REPRESSION AFLOAT

The infamous Sharpeville massacre of 1960, where 69 blacks were shot and killed while protesting against the pass laws which required them to carry comprehensive personal identification placed the South African Government in a very critical situation. International insecurity and disapproval after the massacre caused foreign investment to drop sharply. Without the financial support it so badly

needed to keep its industrial society afloat, it appeared South Africa had been flung into a genuine economic crisis.

International consortia of banks, however, by loaning money to South Africa in huge blocks have helped it weather the crisis. While banks have pleaded "client confidentiality" about the amounts and the participants in the loans, information unearthed by groups such as New York's Corporate Data Exchange has shown that by 1978 banks had provided the apartheid regime with over \$3 billion in loans.

Canadian banks—especially the Royal Bank, the Bank of Nova Scotia, The Canadian Imperial Bank of Commerce, the Toronto Dominion Bank and the Bank of Montreal in which Dalhousie has investments exceeding \$18 million—are known to have been significant participants in the lending.

This money has not all gone toward meat, potatoes and automobiles. For instance, several years ago the Canadian Imperial Bank of Commerce was involved in a \$60 million loan to South Africa's African Explosive and Chemical Industry.

It is the same story all over again in Chile. Between the time of the junta's military coup in 1973 until 1978 Canadian banks—notably the Royal Bank, the Bank of Nova Scotia and the Bank of Montreal—are known to have contributed over \$100 million of the \$734 million in total bank loans made to Chile.

Besides propping up the dictatorship through loans, they have also loaned money to some of the aforementioned companies operating in Chile.

BOYCOTT—YES OR NO?

We have seen that companies like Alcan, Noranda and Falconbridge and the "Big Five" Canadian banks are deeply involved in

countries that stomp on human rights, that torture, repress and degrade the bulk of their citizens. Nevertheless, these companies and banks often believe their practices are justified.

Their arguments are of several kinds. Some agree with economist Milton Friedman that "the social responsibility of business is to increase its profits" and the introduction of other factors into the decision making process fosters inefficiency.

The Bank of Commerce has claimed, for example, that foreign investment is strictly a business decision into which political factors must not enter.

Others do not deny political and ethical factors are relevant to business decisions, but insist their company's presence in South Africa and Chile is a "liberalizing influence".

They point out that their investments provide jobs and strengthen the country's economy. Economic sense, they say, dictates that companies hire less expensive labour, thus showing that job discrimination is against corporate interest. Moreover, in the manufacturing sector a rapidly growing economy means that there will be an increasing demand for semi-skilled and skilled workers. Labour shortages among whites in South Africa, for example, mean that blacks will fill these positions. An economic boycott, on the other hand, would only mean further suffering for the oppressed.

"My first reaction would be, who the hell cares? I say let the whole thing roll."

"I have a hard time seeing how you get anywhere by starving the Chilean people. On the whole, it will be better for them with foreign investment. Improvements are not going to come by starving them out," says Noranda Mines spokesman "Ozzie" Hines.

But it is widely denied that business decisions ought to be based only on the "profit imperative". They say this view emphasizes the well-being of an individual corporation to the detriment of society as a whole.

"Businesses should look at other things beside the bottom line, like the effects of one's work on the environment and society. A rational trade-off has to be made: Is that social issue worth that much money?" says John H. Scheibelhut, director of the School of Business Administration at Dalhousie.

Further, major Canadian Churches, the United Nations, OXFAM, the YWCA, some of the groups who have called for a boycott of economic relations with either Chile or South Africa, reject the claim that foreign dollars have a liberating influence on these countries.

In "Investment in Oppression" the Task Force on Churches and Corporate Responsibility concludes that international economic pressure offers the only alternative to a "long, painful and bloody racial confrontation" in the fight against apartheid.

The Task Force maintains that the history of the last thirty years in South Africa refutes the view that apartheid will disintegrate with increased economic development.

"During this period a spectacular rate of economic growth and the significant increase of foreign investment have coincided with a continually escalating repression of blacks", they say.

Economics "defers to, and accommodates itself within, the boundaries of the racial policies of South Africa's apartheid system."

Rex O'Mara, a Dalhousie PhD student from Uganda, says if Inco were to close its mines in South Africa it would mean a loss of jobs to blacks but the harm caused to the government would be greater.

"He was like a bull in there and said it was none of the students' goddamn business where they invested."

Chilean Junta

On September 11, 1973 Chilean democratic socialist president Salvador Allende was killed and his government was overthrown in a coup d'etat by military forces. Reports estimate as many as 30,000 persons were killed in the military takeover. Tens of thousands of citizens were jailed and many were tortured. Anywhere between 500,000 and a million people were forced to flee the country due to the political situation. An estimated 2,500 persons have "disappeared" since 1973. It is now being discovered that many of these "desaparecidos" came to a tragic end. For instance, in December, 1978, 15 corpses were found in the kiln of an abandoned limestone quarry near the town of Lonquén. The hands of some of the cadavers were bound and there were bullet wounds through their skulls.

Two UN votes have condemned Chile for its continued repression and the World Council of Churches, Amnesty International, the International Commission of Jurists, the International Labour Organization and the United States Congress have all protested human right violations in Chile.

The ruling military junta, backed by the U.S. and a small aristocracy, reverted to a kind of pre-Allende colonialism after the takeover, concentrating the bulk of Chile's wealth in the hands of foreign investors or a small native elite. Previously nationalized industries were sold or given back to private owners, an estimated 200,000 government workers were dismissed, agrarian reforms were dismantled and the social system is being "privatized".

The attraction of foreign investment has been described as the junta's "central economic principle". Repression of labour has been one of the most important aspects of this drive. Virtually all trade union freedoms have been eliminated, offering prospective investors a cheap, stable labour situation.

Political parties and activities are still prohibited, the press is controlled and censored by the government, and there are no judicial guarantees of life, liberty and security in matters involving "national security".

1978 statistics show that since 1973 unemployment has risen, real incomes have fallen, social spending has been reduced, malnutrition is on the rise, and military spending is increasing.

In 1977 three Canadian Members of Parliament were refused entry to Chile in an attempt to assess its human right situation.

"I just don't see, if Canadian parliamentarians can't visit there, how we can have a Canadian investment there," said Conservative David MacDonald after their return.

Dumisani Gwebu, president of the International Students Association at Dalhousie who comes from Swaziland which borders South Africa, also favours a moratorium of foreign investment in South Africa.

He says that though in the short run blacks may suffer from it, in the long run it will help them liberate themselves.

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Chilean refugees also urge companies to divest their holdings in Chile.

Chilean Labour Congress representative Carlos Quezava and Eduardo Rojaz, vice-president of Chile's largest trade union, for example, both urged an end to business dealings with Chile in separate visits to Halifax recently.

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