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PARTNERS IN APARTHEID

United States Policy on South Africa



"Is not peace in the last analysis a matter of

PRESIDENT JOHN F. KENNEDY

JUNE 10, 1963

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Assistant Editor:
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Editorial Board:
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of human rights?"

THIS IS APARTHEID

	WHITE (Europeans)	BLACK (Africans)
Population (millions)	3	11
Per capita income (1959)	\$1,819	\$109
Average wage in mining (1962)	\$3,587	\$216
Ages subject to tax	21-60	18-65
Income exempt from tax	\$ 840	None
Education expenditure per pupil (1962)	\$ 182	\$ 18
Infant mortality per 1,000 births	27	200+
Percentage of population (balance: Asian and mixed)	19	68
Percentage of land reserved	87	13
Persons in registered trade unions	340,000	None
Persons convicted of pass offenses (1962)	None	384,000

Sources: *State of South Africa: Economic, Financial and Statistical Yearbook for the Republic of South Africa*, Johannesburg, 1962; also *Report of the Special Committee on the Policies of Apartheid of the Government of the Republic of South Africa*, United Nations General Assembly, September 16, 1963. Also see table on page 9.

PARTNERS IN APARTHEID

U.S. Policy on South Africa

IN RECENT United Nations debates, the United States has condemned South Africa for its racist policies, but has opposed economic pressure to force a change.

The "apartheid" government of South Africa, like the Nazi government of Germany, has made its racist policies clear to the world: "We want to make South Africa White. . . . Keeping it White can only mean one thing, namely White domination, not leadership, not guidance, but control, supremacy" (Prime Minister Verwoerd, addressing the House of Assembly, January 25, 1963).

Black South Africans are literally whipped into line: over 850,000 whippings have been administered in the last decade. Their movements, homes, and jobs are strictly controlled. They are to be considered a "vast floating labor pool from which the minister can detach individual units from time to time" (United Party leader, Sir de Villiers Graaff, addressing the House of Assembly, February 18, 1964).

The United Nations voted in November, 1963, for an oil embargo to force South Africa to abandon its racist policies. The only countries in the world which voted against this resolution besides South Africa were:

Great Britain, the largest investor in South Africa
United States, the second-largest investor in South Africa

France, the third-largest investor in South Africa
Spain and Portugal, which still have colonies in Africa.

Unless restricted by law, U.S. businessmen will continue to be strongly attracted to South Africa. Its apartheid system claims to offer the best of both worlds: a modern, developed, industrial society with 3 million prosperous white customers—and a labor supply of 11 million black Africans prohibited by law from organizing unions,

bargaining collectively, striking, moving without permission, or voting.

Thanks to apartheid, the average black miner in South Africa earned less than \$1 a day in 1962, compared to almost \$3 a day in neighboring Northern Rhodesia. In the same year, American companies in South Africa earned \$72 million—nearly double the 11.8 percent average profit reported by the U.S. Department of Commerce on U.S. investments in all foreign countries.⁽¹⁾

No wonder even American companies that go to great lengths at home to avoid being accused of racial discrimination have flocked to South Africa. Eighty-five companies listed on the New York Stock Exchange had operating plants or subsidiaries in South Africa in 1960 (see Appendix II). More than 160 American companies are there now, with an investment approaching a half-billion dollars, and they are expanding. In 1963 these new investments were announced in the automotive industry alone:

General Motors: \$30 million to make engines and accessories

Ford: \$11 million to make engines

Chrysler: 80% production increase (cost not revealed)

Firestone: \$7 million to make tires

Goodyear: \$3 million expansion program

BUSINESS is booming in South Africa. This makes the apartheid government rich and popular. It also encourages supporters of repressionist policies in neighboring white-dominated Southern Rhodesia, Mozambique, and Angola.

The United States is responsible for making apartheid so prosperous. Only a few years ago, in 1961, South Africa's economy was on the verge of panic. Its gold and foreign-exchange holdings had dropped below the \$280 million danger point defined by her bankers to a critical low of \$216 million.⁽²⁾

This financial crisis was caused by a flight of capital. Investors had decided to withdraw their capital from South Africa for a variety of reasons. Some were afraid that the government's massacre of Africans at Sharpe-

U.S. Policy on South Africa STRENGTHENS APARTHEID

(1) United States Department of Commerce, *Survey of Current Business*, August, 1963.

(2) *International Financial Statistics*, August, 1963; and *Balance of Payments Yearbook*, 1962.

ville might trigger a long-expected bloody revolution. Others feared that the incipient boycotts by smaller countries might snowball, or that South Africa's expulsion-resignation from the British Commonwealth might reduce profits.

The United States came to the rescue. It contributed in 1961 almost the entire amount of foreign exchange needed to reverse the precipitous decline of the South African economy. In that one year, American companies increased their investments by \$23 million; an improved trade balance with the U.S. furnished another \$50 million (see page 10); and \$150 million of dollar loans were made to South Africa by these U.S.-owned or U.S.-influenced institutions:

International Monetary Fund	\$38 million
World Bank and its affiliates	28 million
Chase Manhattan Bank	10 million
First National City Bank	5 million
U.S. lenders not publicly identified	70 million

By June, 1963, as a result of exchange controls and continued U.S. help, South African gold and foreign-exchange reserves had more than tripled to a record high—and the boom was on.

U.S. Policy on South Africa: INVESTMENTS AND PROFITS

U.S. BUSINESSMAN Marcus D. Banghart, Vice President of Newmont Mining Corporation, describes the profits of American companies in South Africa as "tantalizing" and says: "We know the people and the Government and we back our conviction with our reputation and our dollars."⁽³⁾

How many dollars have been invested in South Africa? How large are the profits, and are they worth the resulting loss of U.S. prestige and good will—especially in countries with large non-white populations?

According to the U.S. Department of Commerce,⁽⁴⁾ American companies had invested just over a third of a billion dollars in South Africa at the end of 1962. Large as this amount sounds, it still represents a tiny one percent of all foreign investments of American companies.

Historically, the United Kingdom dominated foreign investment in South Africa. Since World War II, how-

⁽³⁾ South African Information Service release, March, 1962.

⁽⁴⁾ U.S. Department of Commerce, *Survey of Current Business*. The August issue each year reports the amount, type, and profitability of all U.S. direct investments overseas by country. (Also see our comment in Appendix IV.)

ever, United States investments have been increasing rapidly. Dollar investments are still second to sterling, but the British share has been declining while the American share has been rising. In 1962, American companies increased their investments by a record \$44 million—almost as much as the entire U.S. investment in South Africa twenty years ago.

Profits of American companies have been increasing apace:

\$43 million in 1959
50 million in 1960
61 million in 1961
72 million in 1962

THE AMERICAN image is damaged when United Nations delegates from other countries suggest that the U.S. is “soft” on apartheid to protect business interests, and point to U.S. statesmen associated with business organizations having South African connections.

For example, James F. Byrnes, U.S. Secretary of State during the first session of the United Nations in 1946, resigned the following year and became a director of Mr. Banghart's Newmont Mining, the American company with the largest investment in South and South West Africa. It was a painful coincidence for the U.S. when, the very month that Byrnes became a director of this company, headlines reported: “U.S. Blocks Move for Sterner Action Against South Africa” (*The New York Times*, December 13, 1947).

John Foster Dulles, later to become Secretary of State, represented the United States as the U.N. delegate who announced this policy toward South Africa. At the same time he was a partner in the law firm of Sullivan and Cromwell which represented the American Metal Company, with huge investments in South West Africa. His law partner, Arthur Dean, who himself became a top foreign policy advisor, was and still is a director of this company, now called American Metal Climax.

These two companies—one about to make Byrnes a director and the other represented by Dulles' law firm—were at that very time negotiating with the South African government itself the purchase from it of Tsumeb Mines, an enterprise in South West Africa where the authority of the South African government was and still is being hotly contested in the United Nations (and now before

U.S. Policy on South Africa IS EMBARRASSING

U.S. Policy on South Africa IS DANGEROUS AND INCONSISTENT

the World Court). They got a good buy. The price was \$2½ million; Tsumeb Mines was recently appraised at \$80 million.

These same two American mining companies are still cooperating closely with each other and with the government of South Africa. They account for 37% of an international syndicate which is constructing a vast new \$104 million copper development at Palabora in the Transvaal.⁽⁵⁾

THE UNITED STATES recognized the apartheid regime as a potential threat to world peace by banning the sale of arms and ammunition to South Africa as of January 1, 1964. It is therefore inconsistent for the U.S. to continue licensing the export to South Africa of oil and other strategic commodities which are equivalent to weapons in a modern industrial society. Why is South Africa not denied all items on the "Positive List of Strategic Commodities"?

South Africa is indeed a threat to peace. Its feverish military preparations are revealed by these official South African budget estimates:

Fiscal Year	Arms Manufacture (millions of dollars)	Defense & Police (millions of dollars)
1961	½	112
1962	5	154
1963	20	225
1964	33	291

In addition to conventional arms, South African scientists are working on "deadly gases known to be capable of massive devastation comparable with the nuclear bomb" (L. J. Le Roux, Vice President of the National Council for Scientific & Industrial Research, addressing the South African Association for the Advancement of Science, November 6, 1963).⁽⁶⁾ South Africa is also in a uniquely favorable position to develop nuclear weapons. As a result of its enormous uranium deposits, it has received hundreds of millions of dollars and close technical cooperation from the United States. The United States agreed on July 8, 1957, to help South Africa

(5) Data on Tsumeb and Palabora from annual and quarterly reports to stockholders of Newmont Mining and American Metal Climax; also *South African Digest*, July 11 and 18, 1963.
(6) *New York World Telegram and Sun*, November 7, 1963, p. 4.

become "one of the select band of nuclear nations,"⁽⁷⁾ and an American company, Allis Chalmers, is building South Africa's first research and test atomic reactor.

It is now generally accepted that, unless economic pressure forces South Africa to negotiate a peaceful solution of its racial problems, there will be an armed conflict between white and black, which could spread to other parts of Africa and lead to East-West involvement.

It is impossible to operate a business in South Africa without violating U.S. ideals. Moreover, Americans have become deeply involved in the administration of apartheid itself. They serve as directors of semi-official bodies, such as the Chamber of Mines, which decree the wages and living conditions of their African employees. Americans may complain to the authorities, and thereby subject any "difficult" African employee to fine, imprisonment, or banishment to a remote area. Their African employees are prohibited by law from organizing a union, bargaining collectively, advancing to a skilled job, or choosing a place of employment.

To understand the involvement of American businessmen in apartheid, take the example of Charles W. Engelhard. Mr. Engelhard lives in New Jersey and has a town house in Johannesburg. He is a heavy contributor to state and national political campaigns, and was one of four Americans who represented the United States at the coronation of Pope Paul VI.

In 1957, while the United Nations General Assembly was voting to "deplore" apartheid (the United States abstained), Mr. Engelhard acquired control of a group of South African financial and mining companies. These companies, known as the Rand Mines group, employ nearly 100,000 people to produce cement, chrome, coal, iron pipes, uranium, and about 17 percent of South Africa's gold (see Appendix VII).

In 1958, while the United Nations was voting to "condemn" South Africa's policy of apartheid, Engelhard organized the American-South African Investment Company, which raised \$30 million in the United States to be invested in South Africa.

Engelhard's investment banker in these ventures, Dillon Read and Co., is also the traditional U.S. invest-

U.S. Policy on South Africa VIOLATES DEMOCRATIC IDEAL

⁽⁷⁾ *State of South Africa: Economic, Financial and Statistical Yearbook for the Republic of South Africa, Johannesburg, 1962, p. 156.*

ment banker for the South African government. The Chairman of Dillon Read & Co. is still a director of Engelhard's South African Investment Advisor, Ltd. (Dillon Read's previous chairman, C. Douglas Dillon, left in 1953 to become Assistant Secretary of State for Economic Affairs and is currently Secretary of the Treasury.)

The 1962 *South African Financial Yearbook* lists Mr. Engelhard as a director of two organizations which recruit black labor for South Africa's gold mines: the Native Recruiting Corporation and the Witwatersrand Native Labour Association (see Appendix VI for the complete list of his directorships). These recruiting companies bring hundreds of thousands of Africans from Mozambique, Nyasaland, South West Africa, Northern Rhodesia, and Angola to work in South African gold mines under shocking conditions.

Engelhard is also listed as a director of the Chamber of Mines, which sets the wages and conditions of Africans in the mining industry. It meets once a month to coordinate the major finance and gold-mining companies in their dealings with the labor-recruiting companies and the government.

Mr. Engelhard is also a director of the controlling company of Harry Oppenheimer's famous South African mineral and diamond empire, whose profits before taxes have been estimated by *Fortune* magazine at a third of a billion dollars.⁽⁸⁾

Engelhard may be the most flamboyantly successful and influential American businessman in South Africa, but he is only one of many Americans who profit as much as South African whites from the cheap black labor made possible by apartheid.

U.S. Policy on South Africa ENCOURAGES EXPLOITATION

THE HIGH profits earned on U.S. investments in South Africa depend upon the low wages imposed by apartheid—uniquely low wages for an industrialized society.

Take mining, for example, which has attracted more U.S. capital than any other industry (see Appendix V). The most important profit factors in mining are the quality of the ore and the cost of the labor to extract it. South Africa's all-white Chamber of Mines, therefore, simply sets the wages of black miners low enough to

(8) *Fortune*, May, 1960, p. 153.

make profitable the mining of even low-grade ore and relatively inaccessible ore.

Thus, in 1962, the average annual wage of the half-million black miners in South Africa was only \$216—less than 10 cents an hour—compared to \$810 in neighboring Northern Rhodesia. These statistics disprove the claim which apologists for apartheid are so fond of making, that black wages are higher in South Africa than anywhere else in Africa. As the following table shows, the average white in South African mining received 17 times as much as the average black person:

WAGES IN SOUTH AFRICAN MINING 1962		
Persons Employed	Total Wages	Wages per Worker
(thousands)	(millions of dollars)	(dollars)
White 63	226	3,587
Non-white 540	117	216

Source: *Commerce & Industry*, Pretoria, South Africa, June, 1963, pp. 612, 614.

In South West Africa, which is administered by South Africa, black wages are set even lower. At the American-operated Tsumeb Mines, the starting wage was 25 cents a day in 1960, with a 2-cent monthly increase for a limited number of months. As a result, Tsumeb Mines was able to pay almost \$10 million in dividends to its stockholders in 1961.

Africans, aware of the working conditions in the mines, do not "volunteer" to work at these unbelievably low wages. They must be strenuously recruited by trained agents. Cooperative white governments throughout southern Africa are paid, directly or indirectly, for their recruiting services. The recruiting companies "may even determine the assignment of specific individuals to work in the mines or on the farms or in domestic service."⁽⁹⁾

This migrant-labor system is described by the International Labour Organisation as one of the greatest evils confronting Africa. During their contract period of up to 18 months, hundreds of thousands of black male mine-workers are forbidden to have their wives and families with them. They live as virtual prisoners in policed compounds—rows of cramped cabins surrounded by high walls and barbed wire. Their movements in and out of the compounds are restricted by pass laws, and they are punished for failure to work.

(9) F. Taylor Ostrander, Assistant to the Chairman, American Metal Climax, Inc., letter to the editor of *The Colgate Maroon*, May 31, 1961.

Seven and a half hours a day, six days a week, they must crawl through slopes only 40 to 48 inches high, digging tunnels for thousands of feet, drilling and exploding in order to "take out the jam without wasting too much money or effort in breaking the waste rock around it."¹⁰ This usually takes place thousands of feet below the surface, at extremely high temperatures, amidst a deafening roar of pneumatic drills. The inhalation of mine dust causes a lung cancer known as silicosis which kills or incapacitates thousands of miners.

U.S. Policy on South Africa: TRADE

SOUTH AFRICA, like most countries, must export and import to live. The United States accounts for almost a half-billion dollars (about 20%) of South Africa's trade, as shown in the following table:

Year	South Africa Exports to U.S.	South Africa Imports from U.S.
	(millions of dollars)	(millions of dollars)
1960	201	277
1961	209	228
1962	251	223

Source: U.S. Department of Commerce.

South Africa is able to buy from American companies those items which it critically needs: machinery and spare parts, oil, and ocean transportation. To pay for these necessities, South Africa is able to sell to the U.S. uranium and agricultural products which would otherwise glut the market.

From the U.S. point of view, American industry and consumers could easily dispense with, or obtain at a competitive price from alternative sources, every item now imported from South Africa. In fact, President Johnson revealed that uranium, which accounted for 40% of U.S. imports in 1962, is actually surplus to U.S. needs. The \$97 million paid for South African uranium by the Atomic Energy Commission exceeded the total 1962 profits of all American companies in South Africa. It was in effect a subsidy paid to the owners of South African gold-uranium mines by American taxpayers. Uranium is still being imported, although in somewhat reduced quantity, and put into surplus stockpiles.

⁽¹⁰⁾ *Industrial Profile: Republic of South Africa*. Da Gamma Publications, Johannesburg, 1962, pp. 21-22.

ON NOVEMBER 6, 1962, two-thirds of the members of the United Nations voted for Resolution A/1761 asking Member States to:

1. Break diplomatic relations with South Africa.
2. Close their ports to all vessels flying the South African flag.
3. Prohibit their ships from entering South African ports.
4. Boycott all South African goods and refrain from exporting goods, including arms and ammunition.
5. Refuse landing and passage facilities to all aircraft belonging to the government of South Africa.

A year later, in November, 1963, 84 members of the U.N. approved Resolution A/1899 which urged all states to refrain especially "from the supply in any manner or form of any petroleum or petroleum products to South Africa." Only six countries voted against this resolution. One was the United States.

The economic pressure called for by these resolutions is not unusual: the United States presently boycotts and embargoes countries in which over a third of the world's population lives. Yet it has been unwilling to go beyond a ban on arms and ammunition to implement U.N. resolutions against apartheid.

By contrast, independent African states, which must make a considerable financial sacrifice to boycott or embargo South Africa, have drastically limited their trade, as these figures show: ⁽¹¹⁾

TRADE WITH SOUTH AFRICA

(thousands of dollars)

	1960	1961	1962
Ghana	5,242	2,172	578
Nigeria	2,237	252	negligible
Sierra Leone	571	298	negligible
U.A.R.	1,944	970	756

These African states have announced a ban on trade with South Africa: Sudan, Ethiopia, Ghana, Nigeria, Sierra Leone, Liberia, and Guinea in 1961; and the U.A.R., Mali, Algeria, Upper Volta, Rwanda, Libya, Cameroom, Senegal, Uganda, Tanganyika, Kenya, Niger, Dahomey, and Mauritania in 1963. ⁽¹²⁾

One reason given by the United States for refusing to

U.S. Policy on South Africa FLOUTS U.N. RESOLUTIONS

(11) *West Africa*, November 30, 1963, p. 1357.

(12) *Ibid.*

U.S. Policy on South Africa IS CRUCIAL

put economic pressure on South Africa is that it would hurt the very Africans it was designed to help, by making them even poorer. But spokesmen for the black African majority say that outside economic pressure is the only remaining weapon short of bloodshed, and are themselves the strongest advocates of a boycott of their country.

U.S. spokesmen used to argue that a policy of patient persuasion, rather than economic pressure, was most likely to influence the apartheid government. The Minister of Bantu Administration has just settled this argument. He introduced in Parliament what *The New York Times* described as "the most drastic racial measure ever proposed in South Africa" (February 19, 1964), designed to "reduce the status of Africans to that of migrants whose every movement will be at the discretion of the Government" (March 20, 1964).

THE PRESIDENT of the United States holds the future of apartheid in the palm of his hand. The near-panic which occurred in 1961, when foreign businessmen voluntarily and sporadically decided to curtail their activities, indicates how vulnerable South Africa would be to an organized and widely publicized campaign in which the U.S. participated.

A U.S. boycott (refusal to buy) and an embargo (refusal to sell) would be more effective against South Africa than they have been, for example, against Cuba because they would have: (1) United Nations support, (2) Soviet support, (3) the cooperation of almost every country in Asia and Africa. If the U.S. led the way, England, especially with a Labor government, would find it difficult to stand alone in defense of apartheid.

The United States is paying a high price for racial conflict at home. It could pay an even higher price for its responsibility for racial conflict in South Africa, a conflict which could inflame the world.

South Africa's apartheid government is considered part of what is called the free world, and as such receives financial support and strategic materials. An enlightened U.S. policy, which would dissolve this partnership with apartheid, might mean a temporary loss for certain private investors. But continuation of the present policy could be fatal to U.S. world leadership, for South Africans have become the world's leading symbol of exploitation by a master race.

APPENDIX I

ETHICS AND FOREIGN POLICY: A LEADING THEOLOGIAN SPEAKS

Dr. Henry P. Van Dusen, President Emeritus of Union Theological Seminary, expressed the moral indignation of many Americans in the following letter which he wrote from Johannesburg. It was printed in *The New York Times* on October 2, 1963.

TO THE EDITOR OF THE NEW YORK TIMES:

South African newspapers of September 6 carried a banner headline stating that an American bank "urges American investment in South Africa."

The same newspapers printed a public statement by the Foreign Minister of South Africa that he will not face the humiliation of inviting foreign government officials to visit South Africa, since "the invitations would be refused."

There could hardly be a more dramatic illustration of the direct contradiction between the practices of United States banking and business on the one hand and the policy of the United States Government in canceling all military aid to South Africa on the other hand, rightly reflecting, one must believe, the abhorrence of the overwhelming majority of the American people for the present South African Government's ruthless implementation of apartheid.

Of course this is not the first occasion when American commercial practice has defied the conscience of the American people. In 1937, at the height of Japan's subjugation of China, a representative of one of the largest United States oil companies, when asked how he justified his sale of gasoline, ordered by the Chinese Government, to the Japanese Government to power planes engaged in bombing Chinese civilians, replied with a wry smile, "Oh, you know the answer. We'd sell to the Devil himself if he paid cash."

But there has seldom been a more flagrant instance of American business's disregard of national conviction. Let there be no underestimate of the importance which the ruling minority in South Africa attaches to American financial support. I know from first-hand testimony that it is their strongest single encouragement to pursuit of their present policies.

Referring to headlines of September 6, one of the foremost statesmen of South Africa remarked to me in personal conversation: "So long as United States banks and business back us, we can go ahead!"

As in most public questions, the issue is both ethical and practical, i.e., economic. It is an issue in which the United States citizenry are deeply involved. Every American who is a stockholder or depositor in commercial firms doing business in South Africa is indirectly a participant in the cruel repression of the majority of the South African populace, in the aggravation of violence, bloodshed and brutality which daily increase, and, it may well be, in the ultimate loss of American financial investment.

Let it be added that this is privately the view of many of the best informed and wisest United States Government officials with wide knowledge of South Africa.

The United States Government has spoken. But it is altogether unlikely that it will implement words with acts, unless under insistent pressure.

Will the American people speak and act to bring the practices of their business representatives into conformity with the overwhelming ethical judgment of its citizens?

HENRY P. VAN DUSEN
Johannesburg, September 6, 1963.

APPENDIX II

AMERICAN COMPANIES IN SOUTH AFRICA

The following major U.S. manufacturing companies had operating plants or subsidiaries in South Africa in 1960.

This list was issued by the New York Stock Exchange and omits all companies not traded on that Exchange. It also omits companies with only sales or service offices in South Africa, and all banks and financial companies. It also omits, of course, all the companies which have moved into South Africa since 1960.

Abbott Laboratories	International Business Machines
Addressograph-Multigraph	International Harvester
Allied Chemical	International Packers
American Bank Note	International Telephone and Telegraph
American Chiclet	Johnson and Johnson
American Cyanamid	Joy Manufacturing
American Home Products	Kellogg
American Metal Climax	Kendall
American Steel Foundries	Kimberly Clark
Armstrong Cork	Link-Belt
Baxter Laboratories	Masonite
Beech-Nut Life Savers	Merck
Black and Decker	Metro-Goldwyn-Mayer
Borden	Minnesota Mining & Manufacturing
Bristol-Meyers	National Cash Register
Carborundum	National-Standard
Chicago Pneumatic Tool	Newmont Mining
Chrysler	Olin Mathieson Chemical
Coca-Cola	Otis Elevator
Colgate-Palmolive	Parke-Davis
Combustion Engineering	Pepsi-Cola
Corn Products	Phillips Petroleum
Crown Cork & Seal	Procter & Gamble
Dow Chemical	Revlon
Eastman Kodak	Rexall Drug & Chemical
Electric Storage Battery	Richardson-Merrell
Ferro	Schering
Firestone Tire & Rubber	Smith (A.O.)
FMC	Smith Kline & French
Ford Motor	Sperry Rand
Gardner-Denver	Standard Brands
General Electric	Standard Oil Co. of Calif.
General Foods	Sterling Drug
General Motors	Symington Wayne
General Tire & Rubber	Timken Roller Bearing
Gillette	Twentieth Century-Fox Film
Goodrich (B.F.)	Underwood
Goodyear Tire and Rubber	United Artists
Harsco	United Shoe Machinery
Hewitt-Robins	United States Rubber
Ingersoll-Rand	Upjohn
Interchemical	Warner-Lambert Pharmaceutical

APPENDIX III

LEGAL BASIS FOR THE EXERCISE OF ECONOMIC PRESSURE BY THE UNITED STATES GOVERNMENT

The Export Control Act of 1949 (as amended) declares:

"...that it is the policy of the United States to use export control...to further the foreign policy of the United States and to aid in fulfilling its international responsibilities..." (Section 2)

and authorizes the President to:

"prohibit or curtail the exportation from the United States...of any article, materials or supplies, including technical data...To the extent necessary to achieve effective enforcement of this Act, such rules and regulations may apply to the financing, transporting, and other servicing of exports and the participation therein of persons." (Section 3)

The Trading with the Enemy Act of 1917 (as amended) provides that the President may:

"investigate, regulate, or prohibit, any transactions in foreign exchange, transfers of credit or payments between, by, through or to any banking institutions..."

as well as

"investigate, regulate...prevent or prohibit...transactions involving any property in which any foreign country or national thereof has any interest, by any person, or with respect to any property, subject to the jurisdiction of the United States."

APPENDIX IV

U.S. INVESTMENT IN SOUTH AFRICA

According to the U.S. Department of Commerce, American companies had invested \$353 million in South African enterprises which they controlled at the end of 1962.⁽¹³⁾ British companies had invested \$784 million, more than twice as much, excluding oil, insurance, and banking.⁽¹⁴⁾

These so-called "direct investments" understate the true financial interests of the two countries. The following table, prepared by the South African Foundation from South African Reserve Bank figures, gives a more complete picture of the financial contributions made by the United States and other countries as of the end of 1960:⁽¹⁵⁾

Foreign Investments in South Africa
(millions of dollars)

	United Kingdom (sterling area)	U.S.A. (dollar area)	Europe (O.E.E.C.)	Other	Total
Mining	736	182	235	66	1219
Manufacturing	682	113	109	74	979
Insurance and Finance	420	50	129	116	715
Commerce	350	78	66	25	519
Other	155	63	22	13	253
Public Authorities	175	335	97	15	622
TOTAL	2519	822	658	309	4308
PERCENTAGE	58	19	16	7	100

Source: South African Reserve Bank, Supplement to the *Quarterly Bulletin of Statistics*, December, 1961.

(13) U.S. Department of Commerce, *Survey of Current Business*, August, 1963.

(14) Her Majesty's Stationery Office, *Board of Trade Journal*, London, November 15, 1963.

(15) *South Africa in the Sixties: A Socio-Economic Survey*, The South Africa Foundation, 1962, p. 30.

APPENDIX V

U.S. INVESTMENTS IN SOUTH AFRICAN MINING

Mining is by far the largest and most profitable industry in South Africa, and has the largest U.S. investment. Minerals supplied \$1.2 billion, or 58%, of South Africa's exports in 1962, with gold accounting for three-quarters of mineral exports. The exploitation of minerals is in the hands of "mining houses"—centralized investment or holding companies.

Before World War II, Americans had no part in this fabulous mining industry. When the war started, however, U.S. corporations and individuals moved in vigorously. They have since obtained: 1. the leading position in South African base metals; 2. a decisive role in starting and supporting the new uranium industry; and 3. an important place in South African gold.

Two American groups are involved. One is associated with Charles W. Engelhard, and the other with Newmont Mining Company and American Metal Climax. A summary table of their estimated investments is given below.

**Value of U.S.-Controlled Enterprises and Investments
in South and S.W. African Mining in 1962**

Company & Group	Value of Enterprises	Value of U.S. Investment
	(millions of dollars)	
Engelhard-Dillon Read-Rand Mines Group	300	—
Rand Mines Corp.	(53) ^a	28 ^{**}
American-South African Investment Co.	(51) ^a	45
Other holding companies		15 ^{**}
Newmont-American Metal Group		
Tsumeb	80	54 ^{**}
O'okiep	51	40 ^{**}
TOTALS	431	182

^ain parenthesis because included in the \$300 million shown above

^{**}rough estimate

^{***}not adjusted for British minority interest in American Metal Climax

U.S. investments in mining thus amounted to \$182 million and controlled enterprises were worth \$430 million.

But these figures are already dated for, since then, a vast new copper development project at Palabora (in the Transvaal) has been started. An international syndicate, the Palabora Mining Company, has been formed with German, South African, British, and American participation. Newmont Mining will have a 28% share of the \$104 million development, and American Metal Climax a 9% share. And in spite of the fact that the Rio Tinto group of companies (British Rothschild-controlled) will have a greater share than the Americans, E. W. Hunt, consultant to Newmont Mining, has been named managing director.

APPENDIX VI

SOUTH AFRICAN DIRECTORSHIPS OF CHARLES W. ENGELHARD, 1962

Residence address: "Cragwood," Far Hills, New Jersey, U.S.A.

Business address: 113 Astor Street, Newark 2, New Jersey, U.S.A.

Acme Timber Industries	Plastic Protection (Pty.)
American-South African Investment & Co. (Chairman)	Precious Metals Development
Anglo American of S. A.	Rand American Investments (Pty.)
Boart & Metal Products (S.A.)	Rand Mines (Chairman)
By Products	Rand Refinery
Central Mining Finance	Rand Selection Corp.
The Central Mining & Investment Corp.	S.A. Forest Investments
The Chamber of Mines Building Co.	S.A. Investment Adviser (Pty.)
Chamber of Mines Services (Pty.)	(Chairman)
The Corner House Investment Co. (Chairman)	Transvaal G.M. Estates
Investment Advisors and Managers (Pty.)	Virginia-Merriespruit Investments (Pty.)
Native Recruiting Corp.	Witwatersrand Native Labour Association

Source: *Beerman's South African Financial Year Book: Investors' Manual and Cyclopaedia of South Africa Public Companies*, Volume I, 1962, p. xxx.

APPENDIX VII

RAND MINES, LTD. (Charles W. Engelhard, U.S.A., Chairman)

Principal Companies of the Group, 1962

FINANCIAL

The Corner House Investment Company Ltd.	Virginia-Merriespruit Investments (Pty.) Ltd.
Transvaal Consolidated Land & Exploration Co., Ltd.	

MINING

Gold and Uranium

Blyvooruitzicht Gold Mining Co., Ltd.
Harmony Gold Mining Co., Ltd.
Merriespruit (O.F.S.) Gold Mining Co., Ltd.

Gold

City Deep, Ltd.
Consolidated Main Reef Mines & Estate, Ltd.
Crown Mines, Ltd.
East Rand Proprietary Mines, Ltd.
Modderfontein East, Ltd.
Durban Roodeport Deep, Ltd.
Rose Deep, Ltd.
Transvaal Gold Mining Estates, Ltd.

Coal

Utrecht Colliery (owned by Welgedacht Exploration Co., Ltd.)
Van Dyks Drift Colliery (owned by Transvaal Consolidated Land & Exploration Co.), Ltd.
Witbank Colliery, Ltd.

Chrome

Rooderand Chrome Mine (Pty.) Ltd.
Winterveld (T.C.L.) Chrome Mines (Pty.) Ltd. Sales Agent: Johannesburg Ore Co. (Pty.) Ltd.

INDUSTRIAL

Cement

Pretoria Portland Cement Co., Ltd.
Cape Portland Cement Co., Ltd.
Premier Portland Cement Co. (Rhodesia) Ltd.
Eastern Province Cement Co., Ltd.

Steel and Concrete Pipes

The Hume Pipe Co. (S. Af.) Ltd.

Lime

The Northern Lime Co., Ltd.

Source: *State of South Africa, Yearbook*, 1962, opp. p. 32.

MAIL TO:

AMERICAN COMMITTEE ON AFRICA
211 East 43 Street
New York, New York 10017

return requested

The American Committee on Africa is a non-profit organization which has, for over 10 years, worked for the independence and well-being of Africans.