

South african investments



Caltex Petroleum was owned jointly by Texaco Inc. and Standard Oil of Co. of California (SoCal) , in South Africa. These oil refineries operating in South Africa were nearly worth \$100 million. Texaco Inc. and Standard Oil of Co. of California both supported the expansion plan of Caltex as it assured them a return of 20%, on the original amount that would have been invested. Apart from that the South African government relied on Caltex for its taxes and sale of oil to the military. Racial discrimination against the black population was rampant and Caltex seemed to consecrate itself to indirectly stand against it.

It took initiatives to improve the economic status of the blacks who were suppressed and denied basic human rights. Caltex on its part ensured that their wages policy was uniform and did not depend on the color of the wage earner. Possible Benefits and Violation of human rights of building the Caltex Plant It is was an undisputable fact that foreign investors such as Caltex, in South Africa were responsible to a large extent in improving the economic conditions of the black workers. The presence of foreign firms in South Africa acted as a catalyst in inviting further such investments.

More investments would mean more means of livelihood for the socially oppressed in South Africa. The corporate taxes supported by Caltex enhanced the economic status of South Africa government. Caltex also to some extent followed the Sullivan principles which briefly outlined the treatment that was to be given to black workers in their workplace. The principles stressed on the fact that the wages would not be dependent on the color of the person and that measures would be taken to improve the disparity in wages and positions of the non whites.

Emphasis was also laid on the fact that more non-whites and black should be recruited for managerial and supervisory roles. It seemed to better the lives of the economically deprived population of the non-whites and blacks to some extent. On grounds of corporate social responsibility some of the share holders wanted to get approval for the resolution that required Texaco and SoCal along with Caltex to terminate its operation the South Africa. The main focus of this resolution was to revolt against the discrimination among the whites and non-whites in South Africa.

However even though Caltex seemed to improve the pathetic state of the black workers by providing them employment, it did nothing in terms of standing against the South African apartheid policy. It followed the Sullivan principle that were altered in accordance with the South African governments policies. There was no support against the domination of the whites and blacks. It only altered the working conditions of the black employees, but did not take any proactive measures to fight for their social rights.

Foreign investments were a necessity for South Africa, and Caltex on its part could have put pressure n the government to end its apartheid policy. The non white population in South Africa was socially oppressed and denied basic human rights and Caltex had the opportunity to support them in their struggle, which it did not. Caltex was indirectly supporting apartheid by pursuing its expansion plans in South Africa. In my opinion it is better to fight for human rights than to accept meager incomes to avert starvation.

It is a fact well known that the weaker and the socially segregated sections of the society have to fight for their civic rights . Freedom to live in socially acceptable conditions is human right which should be available to any individual no matter what background or race they come from. To ensure that their future generations do not carry on to lead oppressed and humiliating lives, it is necessary to support social causes and even if it means risking daily livelihood. Vote to the three stockholders resolutions

As a stockholder in Caltex, I would positively stand by the three resolutions proposed to oppose the apartheid policy in South Africa. The first resolution to ask Caltex to withdraw its investment and move its operation from South Africa was raised keeping view that this could put some kind of political pressure on South Africa government. Caltex in South African had investments worth 11% of the total U. S. investments. The South African government also relied on the corporate taxes due these foreign investments.

Expansion of Caltex promised a return of nearly 20% on the total investments. If the first resolution received majority it would definitely put pressure on the government, in terms of deterring other foreign investments. The second resolution was not to sell oil to military or government. The laws laid down by the government required companies to sell the products made by them. A refusal to sell oil though illegal would be a opposition of the government policies and again put some pressure on them. The third resolution was asking Caltex to implement the Tutu principles .

The Tutu principles laid down the foundation for the improvement of the quality of life of black laborers not only internally within the foreign company boundaries, but also externally. It emphasized the fact that the black workers should be allowed to live in harmony with their families and also steps would be taken to implement fair policies to safeguard their interests. The principles also demanded a commitment for investment in providing education. Response of the managers to the of Texaco and SoCal regarding the resolution

The management of Texaco and Social extended support to the resolution by at least allowing it to be introduced at the stockholders meeting. The management of a foreign investment has to adhere to certain rules and regulations of the country they expand their business. Their interference with the government policies could give a wrong signal regarding their business ethics. The managers are not liable to hamper the internal conditions as their main purpose was to ensure profitability and also provide human conditions for black workers.

The implementation of Sullivan principles in accordance with South African government policies proves the fact they were not in favor of apartheid. The management was directly answerable to U. S. and therefore had to ensure that the investments resulted in profit. Their efforts though restrained at least aimed at improvising the working conditions of the blacks. The power of voting for the three resolutions lies with the stockholders. Had they willed to do so in majority, management would have agreed to their terms and conditions.

Does management have responsibilities other than ensuring high returns?

South Africa is a land where natural resources are in abundance. The foreign investors agenda was to ensure profitability on their investments .

Management responsibilities include running the business smoothly and ensure that they adhere to the policies of the government. That is what the management was trying to do in South Africa. However foreign investors collectively should have realized that their unified stand against apartheid would definitely aid the blacks struggle in South Africa and give it the much needed momentum.

It is a fact that shareholders constitute the company and choose the management and therefore have the power to voice their opinions. Since South Africa depended on foreign investments they could have put pressure on the government to abolish racial discrimination or least of all better the living conditions of blacks. Management as a part of its social responsibility initiative could have taken measures to improve the living conditions of black workers by providing them basic amenities. They could have added programs to provide education and health facilities apart from targeting returns on their investment.

Conclusion By 1984 the struggle against racial discrimination had gathered momentum. Western countries displayed their apprehension of investing in South Africa as it seemed determined to support racial discrimination. Racial discrimination is a inhuman act. By denying living rights to any individual based on his caste or color, is a crime. Freedom to living is birthright of every human being. Anti apartheid laws should be enforced in countries and anyone found guilty of discriminating on color should be dealt severely.

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