

TSUMEB

A PROFILE OF UNITED STATES CONTRIBUTION TO UNDERDEVELOPMENT IN NAMIBIA



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April 1973

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Cover: Striking Ovambos Leaving the Katutura Compound, Windhoek,
from South African Outlook, February, 1972.

Foreign capital from the United States, West Germany, Britain and France has joined in a criminal alliance with South Africa to fight our people in their struggle for national liberation and for world peace.

Continued South African misrule is made possible by the ready support and encouragement she receives from overseas exploiters, for whom apartheid is a corporate insurance policy guaranteeing the perpetual exploitation of Namibia's wealth and people.

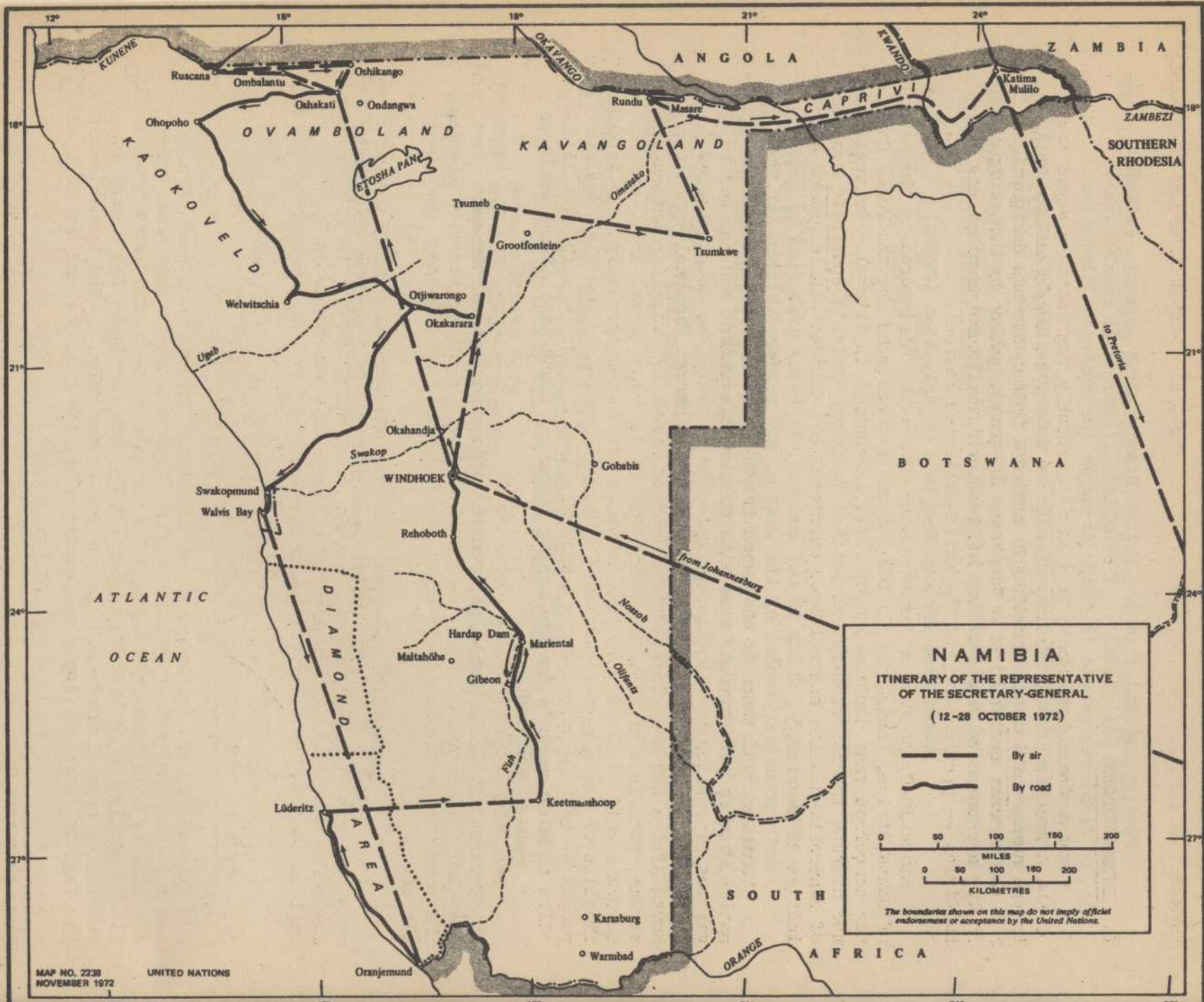
South West African People's Organization (SWAPO)

This country, which is our country, is being exploited by greedy entrepreneurs, robbed of its wealth, and rendered barren for the future. Our fear is that when freedom finally comes to this land, it will be returned to us with no minerals left.

Clemens Kapuuo, Leader of the Herero People

If it weren't for the mining industry, South West Africa would go back to the bush.

J. P. Ratledge, Tsumeb Corporation General Manager



I. INTRODUCTION

To most Americans, South West Africa probably represents a vague area of the African continent about which little is known; less familiar still is the name Namibia, the territory's official United Nations designation. Yet the current instability in the area and participation by U.S. companies in its economy have far-reaching implications for future developments in Africa -- particularly in the white-dominated regions.

Since 1920 the former German colony has been administered by the Republic of South Africa, though the United Nations has asserted and the World Court has concurred that continued South African control is illegal. Central to the dispute is the extension to Namibia of South Africa's apartheid system of centralized white control over scattered and divided ethnic groups of indigenous peoples.*

Namibian resistance to foreign domination dates back to the German occupation, but in recent years the South African government had managed to convey the impression that acquiescence to its policies has been achieved.¹ During the past year, however, the fact of determined internal opposition to South Africa has been internationally recognized. A crippling nation-wide strike, the visit of U.N. Secretary-General Waldheim to the area, efforts toward a unified Black political movement within the territory, and intensification of the six-year-old armed struggle have made clear that Namibian people -- with no voice in the administration of their country -- will not allow themselves to be ignored.

Two United States mining companies -- Newmont Mining Corp. and American Metal Climax Inc., (AMAX) -- control and substantially own the major American investment in Namibia. Both are part owners of Tsumeb Corporation Limited, the territory's leading producer of base metals and the largest private employer.

This case study has two main purposes: (1) to provide information about Tsumeb's operations, since both Newmont and American Metal Climax have thus far refused to comply with disclosure requests;² and (2) to analyze the implications of Tsumeb's operations for Namibians and for the United States.

II. NAMIBIA: THE LAND AND PEOPLE

Located in the southwestern corner of the African continent, Namibia has a total land area of 317,827 square miles, making it more than twice the size of California and equal to the combined areas of Texas and New York. With a population of 750,000 people (1970), the territory has a very low density -- approximately 2.35 people per square mile. [The Netherlands, for example, has 935 people per square mile; the U.S. 56, and New York 400.]

* A note on terminology: the words "indigenous" and "Black" will be used in this paper to refer to all population groups other than whites. Although they have certain limitations, the terms are clearly preferable to "non-white."

The three major topographical areas of the country are the Namib Desert, a 50 to 80 mile strip down the west coast accounting for 15 per cent of the total land area, a diversified Central Plateau of mountains, ridges, valleys, and plains that cover nearly half the country, and the semi-desert Kalahari in the east, characterized by terrestrial sands and limestone. There are no navigable waterways within the boundaries and the only permanent rivers are on the northern and southern borders and rise from outside the territory.³

In a news release dated September 23, 1971, the South African Department of Statistics gave preliminary detailed figures showing the population of South West Africa as of May 6, 1970. A brief summary using South African racial categories follows:

Population group	Total number	Of the total, number in the "Native homelands"
Whites	90,658	2,399
Coloured		
Coloured	28,275	360
Rehoboth Basters	16,474	48
Nama	32,853	266
"Native"		
Ovambo	342,455	292,210
Okavango	49,577	47,605
East Caprivian	25,009	24,967
Kaokovelder	6,467	6,285
Damara	64,973	7,736
Herero	49,203	26,460
Bushman	21,909	6,757
Tswana	3,719	844
Other	14,756	4,342
	<hr/>	<hr/>
	746,328	420,279

Namibia is populated by numerous ethnic groups, as shown in the above chart. To implement its apartheid or "separate development" policy, the South African government is creating "homelands"* for each indigenous population group.

Almost all of these areas are in the northern sector. Only the reserves for the Rehobothers, Namas, and Tswanas fall within what has historically been called the Police Zone. All whites live within the police zone, which was successively extended northward in 1953, 1954, and 1965.⁴

* In a report on "Contract Labour in South West Africa," John Kane-Berman of the South African Institute of Race Relations makes this comment: "It will be noted that I have used the terms 'reserve' and 'Bantustan' rather than the official term 'homeland' to refer to what were formerly generally known as the African Reserves in South and South West Africa. The objections to the term 'homeland' are: (1) it is descriptively inaccurate in that the places which many Africans regard as their homes are not in the nominal 'homelands' but in the 'white' areas; (2) the concept implies that Africans have no title to exercise rights of citizenship anywhere in South Africa outside the officially designated areas."

Both in quality and quantity, land allocation favors the white population. Less than 40 percent of the total land area is given for the "homelands," where more than 85 percent of the people are supposed to live. White farmers hold 47 percent of the land, either by direct ownership or under lease from the government. The remainder is designated for townships, diamond areas, nature and game parks, and the Walvis Bay enclave -- in practice for white usage. According to knowledgeable sources, the reserves are generally on the poorest land.⁵

No exploitable mineral deposits have been found within any African reserve, and any future discoveries are not likely to aid the population as long as South African control continues. Speaking of recent geological excitement in the southern Damaraland, where two prospecting areas have been declared, the conservative South African weekly Financial Mail says:

Whether these areas will yield the same promising results as Rossing, near Swakopmund, where Rio Tinto Zinc holds a uranium concession, only time will tell. But even if they do, it will make no difference to the Damaras, since discoveries of oil, precious minerals and stones, and uranium in the Homelands remains the sole preserve of the State in the granting of mining rights.

The best the Damaras can hope for under the circumstances, therefore, is the creation of a few more jobs on the mines.

Furthermore, reports the Financial Mail, since Damaraland is such a desolate area -- it can not even support the 12 percent of the Damara people now resident there -- the South African government is considering an improvement. It may transfer to the reserve some nearby white farms in exchange for some "useless" areas -- in the southern part.⁶

BLACK POVERTY/WHITE CONTROL

South Africa, maintaining the right to rule the territory it has controlled for half a century, argues that the vacuum that would be created by a South African withdrawal would leave not only a crippled economy without social services but also a feuding population unable to put aside tribal differences to achieve political cohesion. Government arguments cite the integration of the territory's economy with that of South Africa, the growing expenditure by South Africa on social amenities, and the spiraling Gross Domestic Product (GDP)*, which rose by 10.23 percent per annum from 1963 to 1969.⁷

Evaluation of government figures, however, must be tempered with a knowledge of the social structure and the objective conditions under which the majority of the area's people live.

* Simply defined, a country's Gross Domestic Product (GDP) is the combined total of personal consumption expenditures, government expenditures, gross investment expenditures, and factor payments to the rest of the world.

Sole political power is exercised by the 96,000 white residents and the white government of the Republic of South Africa. White residents elect the 18 members of the South West Africa Legislative Assembly, which has authority over many territorial matters. The South African Parliament controls such essential items as Defense, Railways and Harbors, Custom and Excise, Police, Foreign Affairs, African Affairs, Civil Aviation, and the judicial system. Namibia's white population is represented in Parliament by six elected members of the Assembly and four members appointed to the Senate.⁸

For Namibia's 650,000 African, Coloured, and Khoisan peoples, the only forum for legal political activity is through the so-called homelands governments. Recently South Africa granted semi-self-government to Ovamboland, the largest African area. This "dissection" of the country is vigorously opposed by most Black leaders and has been condemned by the United Nations.

Despite Ovamboland's new status, South Africa remains responsible for certain key matters, such as defense. Even more important, the area is economically dependent on the rest of Namibia. The only source of income, other than subsistence farming, is the wages of contract laborers.

Because of the heavy legal restrictions, some Namibians have sought other means to win independence for their country. In 1966 the South West African People's Organization (SWAPO) added military action to its political program in an attempt to end the illegal occupation. Although it was preceded by the Ovamboland People's Organization, SWAPO has been able to integrate members of many ethnic groups into its membership and leadership.

SWAPO's military activity has been focused in the north, primarily Ovamboland and Caprivi Strip*. Several South African military policemen have been killed by land mines which injured many others. Funeral orations for the casualties extolled them as heroes who died in the defense of South African sovereignty.

SWAPO also received a boost from the Namibian International Conference held in Brussels during May, 1972. Attended by delegates from more than 80 countries, the conference gave its full support to SWAPO and the struggle for national independence for Namibia.

MIGRANT LABOR

The migrant labor system, which provides a steady flow of inexpensive labor for the mines, farms, and industries, is a major source of frustration among Namibians. In a letter to South Africa's Prime Minister, two Namibian church leaders, Bishop Auala and Moderator Gowaseb, said: "There can be no doubt that the contract system breaks up a healthy family life because the prohibition of a person from living where he works hinders the cohabitation of families."⁹ The system was the focus of recent protests, including a full-scale national strike, aimed at ending South African occupation of the territory.

* South Africa has heavily increased its troop strength in these areas and for the first time has employed some Black soldiers in combat units.

An intricate system of laws and regulations brings workers to the mines, factories, and farms from their rural homelands, where their families must remain. Out of 50,000 workers in Namibia, 43,000 are contract laborers.¹⁰ The bulk of them are Ovambo-speaking; Ovambos make up 45 percent of Namibia's total population.

Although its economy is miniscule in comparison with South Africa's, Namibia's wealth and small population enable it to enjoy a comparable Gross Domestic Product per person.¹¹

GROSS DOMESTIC PRODUCT - PER CAPITA

	1966	1970
South Africa (excluding Namibia)	\$606	\$784
Namibia	\$651	\$725 (estimate)

The South African government boasts about rising living standards for Namibia's indigenous people, but its own figures reveal that allocation of material benefits is as unequal as distribution of political power.

GROSS DOMESTIC PRODUCT PER PERSON IN NAMIBIA¹²

	1965 (official figures)	1970 (estimates)
Total Population	R360 (\$504)*	\$725
Whites only	1,602 (2,243)	4,250
Blacks in Police Zone	229 (321)	468
Blacks in Northern Sector	61 (85)	124
All Black Namibians		250

*Converted at 1R = \$1.40

Namibia, with a per capita GDP approximately the same as South Africa's is exceeded in the rest of Africa only by oil-rich Libya. (This in itself indicates little, since Africa is such a poor continent.) However, in 1969 at least ten African countries had higher per capita GDP's than \$250, the 1970 estimated figure for Namibia's Black population.¹³

Approximately one-third of Namibia's GDP is paid to foreigners¹⁴ -- parent corporations and individual shareholders in South Africa, North America, and Europe. Thus, per capita GDP figures overstate the approximate average income accruing to Namibians. A more accurate picture is given by dividing National Income (GDP minus foreign payments) by the population.

Thus, whereas per capita GDP was estimated at \$456 in 1962, average income was about \$268 per person.¹⁵ The average income figure for 1970 was probably about \$500.

Although there are no reliable statistics available on income distribution, it is at least as unequal as the per capita GDP figures indicate. A report issued by the South African Institute of Race Relations estimates that the gap between the northern sector (inhabited only by Blacks) and the southern "Police Zone" (where all whites and nearly half the Blacks live) is at least 1 to 20.¹⁶ Therefore, the Black-white income differential would be even larger.

As for social services provided by South Africa, the U.S. State Department observed in late 1970 that African literacy is below 10 percent and "modern education and medical care have been extended to some tribal areas only in the last few years, but many areas still remain essentially without either."¹⁷

STEALING NAMIBIA'S WEALTH

Today, after decades of political repression, economic deprivation, and colonial rule, Namibians are not a free people. While illegal South African occupation continues, an even more devastating occurrence is the depletion of the country's natural resources.

The economy is heavily dependent on mining -- in fact, South Africa has made little effort toward change during 50 years of administration. When South Africa took over in 1920, mining accounted for 58 percent of the GDP. Although the figure dropped during the war years, recently mining has been about 50 percent of the GDP.¹⁸ Two companies that provide 90 percent of Namibia's mineral output expect their major mines to dry up in the next 12 to 15 years.* Thus, Namibia's mineral resources, upon which could be built an economy providing benefits to the entire population, are being exhausted while the indigenous people have no voice in and little benefit from their exploitation.

Namibia's economy is dominated by foreign corporations. Sixty-one percent of the territory's mining and manufacturing capital is supplied by companies from the United States, Canada, Britain, France, West Germany, and other European countries.²⁰ As mentioned, about 33 percent of Namibia's GDP is removed from the country each year by investors.

THE U.S. ROLE IN NAMIBIA

The book value of direct U.S. investment in Namibia is about \$50,000,000, according to Commerce Department estimates.²¹ Actual value is considerably higher. Probably 90 percent of this capital is represented by the shares of Tsumeb Corporation owned by Newmont Mining and American Metal Climax.

* The estimated life of the Consolidated Diamond Mine's undertaking is 12 years. Tsumeb Corporation's principal mine, the "jewel box" at Tsumeb, may function another 12 to 15 years, according to the company. ¹⁹

United States policy toward Namibia, which has been very vague since the U.N. terminated South Africa's mandate in 1966, was somewhat strengthened by the Nixon administration in 1970. Ambassador Charles Yost, the U.S. representative to the U.N., announced several "peaceful and practical steps" in order "to demonstrate more concretely to South Africa the strength of our opposition to their policy in Namibia":

1. The United States will henceforth officially discourage investment by U.S. nationals in Namibia.
2. Export-Import Bank credit guarantees will not be made available for trade with Namibia.
3. U.S. nationals who invest in Namibia on the basis of rights acquired through the South African Government since adoption of General Assembly Resolution 2145 (October 27, 1966) will not receive U.S. Government assistance in protection of such investments against claims of a future lawful government of Namibia.
4. The United States will encourage other nations to take actions similar to these.²²

On October 4, 1971, Secretary of State William Rogers told the United Nations that, consistent with United States support for "practical and peaceful means to achieve self-determination and end racial discrimination" in Africa, his government would "accept the advisory opinion of the International Court of Justice on the legal consequences for states of South Africa's continuing occupation of Namibia." / Emphasis added. /

However, many Americans feel that the announced policy means very little in practical terms. In January, 1972, George Houser, of the American Committee on Africa, suggested that the U.N. Council on Namibia should declare "that corporate taxes paid to the illegal South African regime are in violation of the World Court's opinion and the authority of the Council as the interim legal body representing Namibian interests."²³

In March, the Congressional Black Caucus demanded that U.S. firms not receive credit on U.S. income taxes for tributes paid to the South West African administration. Their position was supported in a letter sent to then Treasury Secretary John Connally by Senators McGovern, Brooke, Muskie, Harris, and Javits. Should the Internal Revenue Service rule in agreement with the Caucus, Newmont and American Metal Climax would have to pay U.S. as well as South African taxes on their Tsumeb dividends, but such a decision is considered highly unlikely.

One of the "legal consequences" outlined by the World Court for U.N. member states is the obligation "to abstain from entering into economic and other forms of relationship or dealings with South Africa on behalf of or concerning Namibia which may entrench its authority over the territory."²⁴

While the U.S. government has for many years restricted, and in former years totally prohibited, trade with or investment in Communist nations

without special permission, it has not felt obligated by the World Court opinion or U.N. resolutions to take similar action regarding Namibia.

According to the Department of Commerce,²⁵ six U.S. firms* have affiliates or licenses to prospect in Namibia: Getty Oil Company, United States Steel, Bethlehem Steel, Standard Oil of California, Texaco, and Nord Resources of New Mexico. (Standard, Texaco, and Getty are involved in the strategic search for oil, one of the few important minerals not found in Namibia or South Africa.)

Numerous U.S. companies sell their products in Namibia through South African subsidiaries (an IBM 360/30 computer is used at Consolidated Diamond Mines). Several have established offices in the territory to facilitate sales: Burroughs, Canada Dry, Firestone, Galion, General Tire and Rubber, National Cash Register, Royal Crown Cola, Mobil, Singer, Valvoline, and Caltex (owned by Texaco and Standard Oil of California).

III. TSUMEB CORPORATION LIMITED (TCL)

American Metal Climax and Newmont Mining, through their stake in Tsumeb, have an interest in maintaining the power structure that many Namibians seek to upset. But as recent events shown, the companies cannot control, and perhaps can't even predict, Namibia's future.

Tsumeb's impact in Namibia can be analyzed from several angles:

- (1) is the largest private employer;
- (2) is the major extractor of base minerals; and
- (3) its investment contributes financially and psychologically to South African control.

TSUMEB OWNERS

American Metal Climax (AMAX) and Newmont Mining Company²⁶ each directly own 29 percent of the shares of Tsumeb Corporation. They are each stockholders in the O'Okiep Copper Company of South Africa,** which itself owns 9.5 percent of Tsumeb Corporation. Newmont owns 57.5 percent of O'Okiep, and AMAX owns 17.7 percent. Together, the two U.S. firms own an estimated 65 percent of Tsumeb. Each has 6 representatives on the 15-person board of directors. See appendices for details on AMAX and Newmont.

There are ten other recorded shareholders in Tsumeb,²⁷ but only three have significant stakes. All six companies with major interests are registered outside Namibia.

* For a fuller account, see NAMIBIA: U.S. Corporate Involvement, by Jennifer Davis and Winifred Courtney, which can be ordered for \$.50 from the American Committee on Africa, 164 Madison Ave., N.Y., N.Y., 10016.

** It was recently reported that O'Okiep is involved in an exploration venture within the Damara "homeland," in northwestern Namibia. (Financial Mail, 8/4/72, p. 386) See page 3.

OWNERSHIP OF TSUMEB CORPORATION LTD.²⁸

Newmont Mining Corporation	(U.S.A.)	29.18%
American Metal Climax Corp.	(U.S.A.)	29.18
O'Okiep Copper Company	(South Africa)	9.50
South West Africa Company, Ltd.	(England)	2.38
Union Corporation Ltd.	(South Africa)	9.00
Selection Trust Ltd.	(England)	14.25
	TOTAL	<u>93.49%</u>

Tsumeb Corporation is itself the major shareholder in Tsumeb Exploration Company Limited. South West Africa Company owns the 25 percent of the stock not held by Tsumeb. The company also has a 20 percent investment in a joint venture with Anglo-Transvaal Investment Company of South Africa, involving prospecting in Namibia and Botswana.²⁹

TSUMEB'S LABOR POLICIES

In an interview with a reporter, Tsumeb manager, J.P. Ratledge said "All our Ovambos are working and there is no sign of unrest."³⁰ Three days later nearly 4,000 Black employees stopped work at Tsumeb and joined their compatriots in a massive protest action.

With a work force of about 6,000, Tsumeb has more employees than any other private industry in Namibia. The company is also Namibia's largest employer of contract laborers.³¹

TSUMEB EMPLOYEES³²

	June 30, 1971	Nov. 1971	Aug. 1972
Whites	1,300	1,267	1,312
Africans/Contract workers	5,300	5,221	4,372
Total	6,600	6,488	5,684

Over 98 percent of Tsumeb's African employees are contract laborers recruited from Ovamboland (only a few miles north of the town of Tsumeb) and Kavangoland. From the beginning of Tsumeb's operation in 1948 until early 1972, the company has relied on SWANLA (South West African Native Labour Association) for recruitment of these workers. Each SWANLA recruit received an order number and signed a standard contract, which read:

The said master agrees to hire the service of the said servant(s) and the said servant(s) agree(s) to render the said master his/their service at all fair and reasonable times in the capacity of _____ for _____ commencing on _____. And it is further agreed that the said master shall pay to the said servant(s) wages at the rate shown against the name(s) to the said servant(s) and that such wages shall be paid monthly. ³³

During December 1971 and January 1972, 15,000 contract workers went on strike throughout Namibia. Initially, on December 14, 5,000 men refused to work in Windhoek, crippling essential services. Within a few days the strike had spread to other areas, closing mines and factories, shutting down construction sites, and slowing farm production. Thousands of workers demanded -- and were given -- repatriation to their homes in African reserves, even though all strikes by Black workers are illegal. Authorities made desperate attempts to recruit workers from other areas to break the strike, but their efforts were so futile that in Windhoek authorities were forced to use white children in jobs vacated by strikers.

In the African reserve of Ovamboland, where almost all of the strikers live, a coordinating committee was formed. In a leaflet prepared by the committee and circulated widely, their demands were listed:

- * We do not want the contract system merely to be improved and that it be given another name.
- * We want the barricade (at the northern border with Angola and patrolled by South African policemen) removed.
- * Any method of selling people meets with our disapproval.
- * We want employment agreements to include the following:
 - Liberty for those to do the work they want to do and of which they have experience and knowledge;
 - The freedom to change one's place of employment without the fear of landing in jail first;
 - We also want freedom to take our families with us and have the right to visit people when we want.
- * We want to let a man get payment for the work he is doing and not according to his colour; let all be given the same treatment.
- * There should be employment bureaus in all tribal regions and towns.
- * When an employee looks for employment he should know what wages are paid for the work.
- * There should be mutual respect between employer and employee.
- * Employees should be paid sufficiently to buy their own food and to provide their own transport needs.
- * In place of the existing passbook we want an identification card which should comprise the following: name, tribal area (with the insertion of SWA citizen behind the name of the region), male or female, identity number, and a photograph of the holder.

The strikers scored a major success: their action was the first African protest in history to force labor concessions from the South African government. Even so, the basic structure of the contract system remains intact.

On January 20, an agreement was formulated by representatives from employers, the South African government, and the Ovambo and Kavango

tribal chiefs. The strikers were unrepresented. The result was described by South African Minister of Bantu Administration M.C. Botha as "a treaty or agreement between the Governments of Ovambo or Okavango on the one hand and the Government of the Republic on the other."³⁵

A few of the workers' stated demands were met. In place of the old standard contract, there must now be a written agreement between each employee and his employer stipulating conditions of work, wages, leave pay, and length of service. The employer must provide the employee with a copy of the conditions of employment in his indigenous language. Workers are allowed some choice of employer, and "it will no longer be so difficult for employees to change from one employer to another."³⁶ Employers must provide free medical care; and when they supply food, it must meet governmental standards for nutritional value.

In place of recruiting agencies the tribal authorities have set up offices where "an employer or group of employers under control of the labour official offer employment in a specific industry to work-seekers at an employment office and may there enter into an agreement with them."³⁷

Tsumeb and all employers who use contract workers adopted a new contract in accordance with the agreement. The language of this "Agreement of Employment" is much more contemporary -- "employer" and "employee" are used in place of "master" and "servant". The document in use by Tsumeb sets a 6 month period of service, with 180 shifts of 8 hours each. Employees are now allowed to take unpaid leave to return to their homes "for a reasonable period." At the end of the contract period employees receive 7 days leave with pay.

The company agrees in the contract to supply transportation for African employees to the mine. Return fare is also provided for those who complete their terms or are fired by the company. Those who terminate on their own initiative have to pay their own way home.

The greatest change in policy contained in the new contract is a provision which states that an employee can quit at any time without giving any notice:

The employer further agrees that it will in no event or circumstance invoke any criminal sanctions or institute or cause to be instituted any criminal proceeding against the employee for refusal to work or for any breach of this agreement.

Under the Masters' and Servants' Act of South West Africa, breach of contract is a criminal offense. Although applicable to both parties the act has primarily been used to discipline workers who were not sufficiently subservient. No strikers were charged under this act during the recent strike, probably because of South African concern about international reaction, but ten years ago about 60 Tsumeb employees were arrested for refusing to work in the company's new smelter. Company officials say they were afraid of "evil spirits" in the new and noisy structure, but Namibians

report that the issue was the plant's dirty air which the workers would have to breath all day. In any case, Tsumeb officials notified the police, who charged the workers with violating the act.³⁸

Nor did workers fare better during the recent strike in having their major demands met. As South African newspaper commentator Stanley Uys wrote, "The contract system is another term for the migratory system, and as a system it remains intact."³⁹ Workers still must carry the same pass-books, and the northern police post has not been abolished. In fact, several South African para-military units have been sent to Ovamboland to reinforce the police already there, and reports of clashes continue to filter out despite an official news blackout.

There is no provision in the agreement which would allow workers' families to accompany them to their places of employment.

Tsumeb Corporation was one of the first firms outside Windhoek to be struck. The managing director's confident predictions (see page 9) exemplify the level of contact between management and Black workers within the company.

When white foremen came to work at the Tsumeb mine on December 18, they found almost no African miners on the job. More than 3,700 of them had decided to remain in the compounds until they could return to Ovamboland and join their fellow strikers. That afternoon, Mr. G. White, Chief Bantu Affairs Commissioner for South West Africa, flew to Tsumeb. His efforts and those of Tsumeb management to dissuade the men failed, and the next day similar action was taken by 500 contract workers at Tsumeb's Kombat mine.

The following week all white Tsumeb employees had their leave canceled, as the company made desperate efforts to keep the smelter in operation. If the smelter had been shut down, it would have taken several weeks to reopen it; but it was kept up at about one-third capacity.⁴⁰

A few days after Christmas, J.P. Ratledge, Tsumeb general manager flew to Pretoria, where he and other employer representatives met with the South African Minister of Bantu Administration, who has authority for African affairs in Namibia.⁴¹

D. O. Pearce, Tsumeb's managing director and a Newmont vice-president, flew from New York to Namibia in mid-January. Along with other employers, he met with Ovambo chiefs from the tribal council and then joined in the talks that produced the new agreement.

Newmont has expressed pleasure with the arrangements in several statements: "The recent strike ... has ended satisfactorily for employees, employers, and Governments. Its peaceful settlement is a notable occurrence, by which most of the demands of the striking workers were granted."⁴²

While this conclusion is hard to reconcile with the facts presented above, it is not surprising, since Pearce met no strikers during his trip and after returning expressed almost complete unawareness of their viewpoint.⁴³

WAGES AND WORKING CONDITIONS

In a March, 1971, interview,⁴⁴ Manager Ratledge disclosed a portion of Tsumeb's wage structure. The company's minimum pay for Africans was \$0.67 per shift above ground and \$0.73 for underground work. Based on an average of 26 shifts per month, lowest-paid workers received cash remuneration of \$17 and \$19 per month. This basic pay was supplemented by bonuses for time employed (regularly added after a number of successive shifts) and for proficiency.

The average monthly cash wage for Africans was \$28 per month, while the highest-paid Black employee received \$134.

White hourly cash wages at the time ranged from \$1.42 to \$2.23. Salaries for executive and engineering staff were naturally higher. Based on a 48 hour work week, these hourly rates produced monthly wages of between \$270 and \$440.

At the time of the strike and immediately after, Tsumeb's minimum rate was \$0.76 for surface workers and \$0.84 for those working underground -- \$20 and \$22 monthly.⁴⁵

On February 21, Tsumeb gave all African workers raises ranging from 10 percent to 40 percent and averaging 25 percent. The surface rate was increased 24 percent to \$0.94, and the underground minimum was raised by 27 percent to \$1.06.⁴⁶ On a monthly basis these minimums amount to \$24 and \$28.

African pay now ranges as high as \$146 per month. The average Black cash wage is about \$39 per month, including bonuses, leave pay, and overtime pay. For overtime work, employees receive one and one-half times their normal pay, while double pay is given for work on Sundays and specified holidays.

Currently, average cash wages for whites, excluding the top management staff, and including overtime, bonuses, and leave pay, is about \$500 per month.⁴⁷

WAGES AT TSUMEB CORPORATION
(monthly rates in U.S. dollars)

Month	Africans			Whites		
	Minimum	Maximum	Average	Minimum	Maximum	Average
3/1971	\$17	\$134	\$28 - cash \$25 - kind	\$270 (non-cash pay to whites not known)	\$440	\$375*- cash
11/1971	\$20	--	\$28 - cash \$32 - kind	---	---	\$470
8/1972	\$24	\$146	\$39 - cash \$43 - kind	\$300*		\$490 - cash (non cash now known)

* estimates

Source: see text

Management points out that wages must be seen in the context of non-cash benefits (or wages in kind) offered by the company in the form of "free food, housing, medical care, recreation, and on-the job training for Blacks", and stresses that "any inflation in the cost of living in these major elements of cost is borne entirely by the company."⁴⁸

Average cost of wages in kind for Africans is approximately the same as the average cash wage -- \$25 in 1971, \$43 presently.

The company is not so careful to point out the non-cash benefits given to white employees, though their cost is greater than those for Africans. At times company officials have maintained that whites receive no subsidies like those given to African workers. However, advertisements placed by Tsumeb in South African newspapers list numerous "extras."

SUNDAY TIMES, Business Times Section, September 26, 1971 17

30 SUNDAY TIMES, JULY 3, 1972

TSUMEB
CORPORATION LIMITED

Miners

TSUMEB CORPORATION LIMITED has vacancies for Miners at their Tsumeb, Kombat and Matchless (Windhoek) mines.

Rate of pay R1,32 per hour, plus production bonus.

Conditions of employment:

Thirty calendar days annual leave, plus leave bonus of R80 after one year's service, increasing to R130 after that in the case of married male employees.

Unfurnished rent-free house or furnished single quarters at nominal rental are available.

Compulsory pension plan at nominal cost and subsidized medical and free life insurance.

Reasonable transportation expenses reimbursed after one year's service in accordance with a tariff.

Financial assistance available for education of children if facilities are not available locally.

Amenities include golf, tennis, bowls, cricket, swimming, rugby, soccer, skittles, squash, horse-riding, flying and a modern cinema.

Applications, in writing, stating age, marital status, number of dependants, together with qualifications and experience records, date on which duties can be commenced and a recent photograph, should be addressed to:

The Secretary,
TSUMEB CORPORATION LIMITED
P.O. Box 40,
TSUMEB,
S.W.A.

MINERS

TSUMEB CORPORATION LIMITED has vacancies for underground Miners at their Tsumeb and Kombat mines.

Applicants must be in possession of a valid South African or South Western African blasting certificate.

Rate of pay: R1,39 per hour. In addition, a bonus scheme is in operation which is calculated on a tons-per-manshift-per-working-place basis.

CONDITIONS OF EMPLOYMENT:

Fringe benefits consist of 30 days leave with leave bonus, free housing, free medical and life insurance, long service bonus, pension plan, school subsidies where no facilities are provided, and reimbursement of reasonable transportation expenses.

Recreation club facilities are excellent, where most sports are provided at nominal cost.

Applications in writing, stating age, marital status, number of dependants, together with qualifications and experience records, date on which duties can be commenced and a recent photograph, should be addressed to:

THE SECRETARY,
TSUMEB CORPORATION LIMITED,
P.O. Box 40,
Tsumeb, S.W.A.

Compare the following conditions: Africans receive a tiny bunk in a barracks; whites get a free house or a subsidized furnished apartment. Africans are given 7 days paid leave at the end of each 6-month contract period; whites have 30 days paid vacation, plus a large bonus after one year's employment. Although Africans receive free medical care (for themselves, not their families), Tsumeb's responsibility is only for a pre-employment check-up and matters not covered by Workmen's Compensation. The company has no obligation "where illness or injury is due to the employee's own misconduct or actions."⁴⁹ For white employees, the company pays for life insurance and subsidizes medical insurance (which also covers members of their families). The cost of bringing one white worker and family to Tsumeb (from South Africa, England, etc.) is certainly far greater than the expense of a return bus ride from Ovamboland to Tsumeb. And finally, the company's outlay on the long list of recreational facilities for whites must be considerably larger than for those provided Africans. In addition, at least some whites receive money for their children's educational expenses, a privilege not granted to African employees, whose children's schools are never free, often hard to reach, and vitally important for future opportunities.

Although Newmont management can supply no figure for the cost of "non-cash" wages paid to white employees, such remuneration is clearly quite high. And, therefore, to the company's frequent reminder that cash wages for Africans are only part of the story must be added the observation that the same is true for whites. The wage gap is wide, indeed.

Tsumeb has often been criticized for serving poor food and providing mediocre medical care to its African workers. Former Tsumeb employees and other Namibians have also charged that, even up to the present, concrete slabs are the only beds in the company's compounds.⁵⁰

Eight years ago an article in the AMAX Journal gave a different picture:

A modern and sanitary kitchen prepares nutritious meals for all African workers. Health standards are maintained with medical care provided in an up-to-date hospital and modern clinics staffed by well-trained specialists.⁵¹

Company officials also claim that the beds in the compounds have mattresses. But, as yet, they have provided no more detailed data or photographs to back up their views.

The percentage of workers returning after each contract has been rising in recent years. Last year the rate of return was about 65 percent. In addition, Tsumeb's Black workers have shown an increasing level of educational background. For these two reasons, and because of the severe shortage of white labor throughout South Africa and Namibia, Tsumeb has placed a number of Africans in semi-skilled positions in each of its eleven departments.⁵²

SOME OF THE SEMI-SKILLED JOBS ASSIGNED TO AFRICANS AT TSUMEB

Underground

loco drivers, winch drivers, rock drill operators, police loader drivers, survey print machine operators instructors, shaft sinkers, saw operators, extra heavy vehicle operators

Mill

specially-skilled helpers working with conveyor vibrators, re-agent feeders, and concentrate thickeners
others working with jaw crushers, ball mills, flotation, filters

Administration, Club and Hospital

interpreters, ambulance drivers, first-class clerks, orderlies truck drivers, pay clerks, hospital theater (operating room) helpers lab assistants, aircraft maintenance personnel

Smelter

safety warden, traxcavator drivers, caterpillar drivers various crane and forklift drivers, scale clerks sinter crushing, blast furnace and slag floor attendants

Engineering Department

machine tool operator, painter, heavy vehicle drivers artisan assistants in boiler shop, power plant, electrical workshop, filling shop, etc.

Geology Department

various types of assistants

Analytical Department

sample preparation helpers and other assistants

Compounds

senior clerical workers, first-aid instructors, photographers, tailor butcher, ambulance driver, cooks and canteen attendants, masonry workers

Aptitude Testing and Training

psychomotor, leadership and other aptitude testers; driving instructors

Farm

tractor and truck drivers, workers on milkers, pasteurization, irrigation hammer mill operators

Walvis Bay

fork lift operators, dozer drivers, karry crane drivers police, clerks

Probably 800 to 1,000 of Tsumeb's African workers -- about 20 percent -- occupy any of these positions; the rest are unskilled, manual laborers. This process of advancing African workers to more highly skilled positions is not a recent development, but it has been somewhat accelerated. An AMAX official who visited Tsumeb in 1971 reported:

Good selection and utilization of trainees have resulted in improved productivity throughout the mine-- and in some cases have enabled costs of labor to be stabilized despite the intensifying shortage of skilled white workers ... 53

Thus, the process is financially beneficial for Tsumeb since the advancing Black workers make considerably less than their white predecessors. The company has little if any increase in labor costs, despite rising wage rates.

There are no figures to show the results over a longer period, but in the South African gold mines, where a similar process has been taking place, the rise in skill levels for Africans has not closed the wage gap. Between 1946 (about the time Tsumeb began) and 1969, the ratio of white to Black earnings grew from 12.7:1 to 20.1:1. And African wages, which more than doubled during that period, rose in real terms by only 8 percent (compared with a 75 percent real increase for whites).⁵⁴

For Tsumeb the advancement of African workers to more highly skilled positions is rewarding, but the workers themselves receive only small benefits.

TSUMEB'S MINERAL PRODUCTION

Tsumeb rates as one of the greatest base metal propositions in the world, both from its richness and the size of its ore bodies.

Administrator of South West Africa, 1922⁵⁵

The administrator was surprisingly accurate. During its more than two decades of operations, the corporation has produced minerals with a gross worth exceeding one billion dollars. Tsumeb is Namibia's largest producer of base metals, including lead, blister copper, and zinc concentrates, with by-products of silver, germanium, and cadmium. Forming the nucleus of the company's operation is the "jewel box" mine in the town of Tsumeb.⁵⁶

At the end of World War I, though flooded and shut down, this former German property was put on sale by the Custodian of Enemy Property of South Africa. A consortium of companies led by American Metal Climax and Newmont purchased the mines for 1,010,000 pounds sterling (\$44,040,000) and set up Tsumeb Corporation. After constructing a new power plant and a flotation plant, as well as improving the mine and township, Tsumeb began production in 1948.

From the deep shaft mine the company obtains copper, lead, and zinc, as well as lesser quantities of cadmium, silver, arsenic, and germanium.

In 1955 a new 3,000 foot shaft yielded its first ore. A \$25,000,000 expansion program in the early 1960's included construction of a copper smelter and a lead refinery and smelter. Presently, the company is spending about \$2,000,000 to deepen the shaft at Tsumeb and thus extend the life of the mine. Otherwise, the "jewel box" is expected to dry up within 12 to 15 years.

Tsumeb opened a second mine in 1962 at Kombat, some 65 miles away. Like the Tsumeb facility, Kombat has its own concentrator, power plant, and ancillary facilities. The copper and lead concentrates produced there are sent to Tsumeb for smelting.

The third Tsumeb mine, opened in 1970 near Windhoek for \$5,000,000 was Matchless mine -- a marginal copper-producing venture which yielded pyrite as a by-product. Previously Tsumeb had to import this sulfur-containing iron ore for its smelter. In January, 1972, during the strike, Tsumeb closed the mine and transferred 400 workers to Kombat and Tsumeb to meet labor shortages. Low copper prices had eroded Matchless' profits, and according to Manager Ratledge⁵⁷ the strike further exacerbated the problem.

During the first fifteen years of operation, capital expended on the original outlay and later improvements by Tsumeb totaled \$58,000,000.⁵⁸ From 1964 through mid-1970, new investment amounted to over \$20,000,000.⁵⁹ Tsumeb's total \$76,000,000 capital investment was financed by reinvested earnings, with the exception of the \$4,000,000 purchase fee and a \$3,000,000 bank loan.⁶⁰

Production figures for Tsumeb show that it has produced 13,568,585 tons of ore during 23 years of operations.

TSUMEB PRODUCTION FIGURES 1949-1971

	Grade of Ore			Tons	Revenue
	%Cu	%Pb	%Zn	Mined & Milled	Per Ton
1971	3.51	12.12	3.94	511,275	\$93.36
1970	3.40	13.17	4.40	550,375	128.71
1969	3.20	11.84	3.53	569,394	108.61
1968	4.57	10.30	2.99	634,303	98.86
1967	4.06	10.25	3.26	794,399	79.80
1966	4.24	12.46	3.58	788,765	103.44
1965	3.98	13.08	3.90	812,096	90.12
1964	4.02	12.66	3.75	748,235	75.23
1963	4.00	14.25	4.24	658,696	55.92
1962	4.68	12.84	3.72	714,872	48.11
1961	4.46	12.91	4.35	651,950	51.45
1960	5.02	13.67	5.30	614,205	60.44

1959	6.13	12.43	5.13	625,534	\$64.44
1958	5.66	14.52	5.51	666,062	58.26
1957	5.30	14.18	5.82	638,481	81.22
1956	5.42	15.97	6.40	624,857	85.05
1955	3.50	14.19	6.18	569,928	56.34
1954	2.99	12.10	5.68	564,195	44.19
1953	3.54	12.14	5.49	468,482	63.06
1952	4.16	12.13	6.78	395,010	76.16
1951	3.96	10.38	6.62	392,780	53.92
1950	4.11	12.07	7.47	317,095	50.50
1949	4.41	17.39	13.30	257,596	72.97

Source: Newmont production data, Newmont Annual Reports, 1947 -71.

Compiled by Strom.

Note: The revenue per ton figure also includes the effect of inflation and the prevailing world prices of copper.

TSUMEB'S CONTRIBUTION TO SOUTH AFRICAN CONTROL

"If we [Tsumeb and Consolidated Diamond Mines] had not been operating, the development of South West Africa would not have progressed at all," Manager Ratledge believes.⁶¹ He asserts that their taxes have made possible the construction of roads throughout the country. According to Ratledge, the paved road running from Capetown through Windhoek to Luanda (Angola) would never have been completed in northern Namibia without Tsumeb: the company's taxes paid for it and the location of its mines made it important.⁶² The road is an important part of the South African and Portuguese war effort, since important supplies and troops are transported along it.

Since its inception, Tsumeb has paid more than \$140,000,000 in taxes to the South African government.⁶³ Its \$14,000,000 tax payment in 1970, for example, provided about one-quarter of the mining sector's contribution to public revenue and 8.6 percent of the territory's annual budget.⁶⁴

In the long term, Tsumeb's contribution to continued South African control may be its exploration efforts. The company spends about \$1,000,000 each year in an attempt to find new deposits in the territory.⁶⁵ Discovery of new reserves and a decision to exploit them would deepen the company's involvement in the territory and give its American owners more stake in the situation.

Tsumeb's Profitability

By all measures, the Tsumeb investment has been a profitable one for its owners. Newmont has received dividends totaling \$85,737,676, for an average annual return of 372 percent on its original outlay of \$1,151,400. AMAX investment of \$840,000 has returned \$78,882,483 in dividends, averaging 470 percent per year. (See Appendix B). In 1970, dividend income from Tsumeb provided 13 percent of Newmont's new income and 9 percent of AMAX' net earnings.⁶⁶ Particularly for the smaller Newmont Corporation, income from Tsumeb has been an important source of capital for expansion. The company acknowledged this debt in its 1971 Annual Report:

"Newmont's share [of dividends from Tsumeb and O'Okiep] has enabled the Company to consider projects much larger in scale than was previously possible."⁶⁷

Much data about Tsumeb is not published, since it is not a publicly-held company. But in several areas where information has been found, Tsumeb's profit record is good. Compared with other Newmont investments, the company has experienced a high return on sales (sales as a percentage of new income):

RETURN ON SALES (Annual Average)⁶⁸

Newmont Mining Corporation	25.14%
Newmont's North American Holdings	20.20
Newmont's N. Am. Copper Holdings	16.28
Newmont's Southern African Holdings	36.47
Tsumeb (1948-1971)	32.88
O'Okiep (1948-1971)	42.80
Palabora (1966-1971)	33.63

Return-on-investment data, available only for recent years, tells an equally favorable story for the company with an overall average of 31 percent.

RETURN ON INVESTMENT⁶⁹

Year (to June 30)	Total Investment	Return
1963	\$58 million	21%
1964	61	18
1965	63	42
1966	66	44
1967	69	39
1968	71	28
1969	74	21
1970	76	34

Various factors influence Tsumeb's profitability. Metal prices, grade of ore, taxation rates, and labor costs are some of the most important.

Since Tsumeb sells its ore on the world markets (rather than through long-term contracts), its earnings are very vulnerable to fluctuations in prices.⁷⁰ Throughout the latter part of the 1960's, copper prices in particular remained high for an unusually long period. Their sharp decline in 1971 significantly depressed Tsumeb's earnings. (O'Okiep Copper Company, Tsumeb's South African "cousin," was similarly affected, as were the copper-dependent nations of Zambia, Zaire, and Chile.)

TSUMEB: Average Sales Price Per Ton Ore Mined and Milled⁷¹
(all metals)

1964	\$43.77
1965	68.44
1966	74.43
1967	64.36
1968	62.47
1969	not available
1970	77.33
1971	43.87

Tsumeb further has one of the highest grades of ore of any comparable mine in the world, as shown by the following information on ore production.

ORE PRODUCTION: MARKET VALUE AND PERCENTAGE OF COPPER⁷²

	Market value	% Copper
Tsumeb:	\$43.44 (per ton mined)	
Tsumeb mine		2.44
Kombat		1.76
Matchless		0.99
O'Okiep	10.43 (mined & milled)	1.25
Palabora	5.33 (mined)	0.57
Granduc (Canada)	7.46 (milled)	1.31
Southern Peru	1.90 (mined)	1.21

The Namibian tax structure, as established by the South African government, is another advantage enjoyed by Tsumeb. As shown in the chart, the territory's tax rate is lower than that of the U.S. and South Africa.

TAXATION⁷³

	U.S.	South Africa	Namibia
Corporate Income Tax	50%	40%	33.3%
Foreign Dividends	--	15	12.5
Repatriation Tax			

WAGES AND PROFITABILITY

A popular view among South African critics is that foreign corporations benefit extensively from the cheap labor created by apartheid laws. But this view is often challenged by corporation officials and apologists. In the absence of sufficient data, either position is difficult to prove.

In a comparison of mining wages in several African countries, Tsumeb's rates are rather low.

WAGES IN MINING AND QUARRYING -- AFRICA⁷⁴

Country	Year	Average/Month (\$)
Gabon	1967	\$93 (skilled workers including whites)
Kenya	1966	43 (males)
Ghana	1969	70 (includes salaried personnel)
Nigeria	1967	48
Sierra Leone	1970	45
South Africa	1971	52(African, cash and kind)
Tanzania	1970	63(males)
Zambia	1970	847 (white) 182 (African)
TSUMEB	1971*	375 (white) 53 (African)

While such comparisons have little concrete value because of cost-of-living variations, they do serve to dispute the claim that Namibian (or South African) workers are better paid than miners in Black-ruled African countries.

To take another approach, the importance of wage rates can be measured by examining the impact of a hypothetical pay increase. A doubling of African wages would have decreased Tsumeb's net profits by only 12 per cent in 1970, when profits were high. In 1971, when metal prices were comparatively lower, Tsumeb's net profits would have been decreased by 38 percent by such an action.⁷⁵

One striking indication of the importance of low wages to Tsumeb is revealed in a comparison with South African gold mines.

CASH WAGES AS PERCENTAGE OF TOTAL SALES (REVENUE)

	BLACK	WHITE
Combined figures for all South African gold mines ⁷⁶ (1969)	8.8%	19.4%
Tsumeb Corporation (1971) ⁷⁷	3.1	15.5

In sum, low tax rates and rich ore -- important factors in Tsumeb's profitability -- are distinct advantages resulting from the company's location in Namibia. Another crucial variable, the price of metals, is of course dependent on world conditions. The data presented, though possibly not conclusive, do strongly suggest that Tsumeb's labor costs -- which are low and are expected to remain fairly stable despite wage increases -- make a substantial contribution to the corporation's high returns.

* As shown on page 13, Tsumeb's 1972 wages are higher; but even the 1971 figures are 1 to 5 years more recent than the data from other countries, where wage increases probably have occurred.

IV. CONCLUSIONS AND ACTIONS

The basic issue in Namibia is self-determination; it is a point on which nearly all the nations of the world agree. Raising wages, improving working conditions, and other ameliorations of the present system only serve to rationalize the blatant contradictions within it. They do not contribute to the goal of independence. Tsumeb, in defiance of the World Court, is increasing South Africa's ability to resist international pressure and internal unrest. Its earnings contribute foreign exchange, its taxes boost South Africa's budget, its technological expertise adds to white self-sufficiency. And its presence gives the United States a direct economic stake in the territory -- an investment in the status quo.

Klemens Kapuuo is one spokesman for Namibians who claim that the presence of Tsumeb and other foreign corporations can only delay the day of liberation for their country; he is undoubtedly speaking for thousands (who do not have the prominence to be heard or to protect them from reprisal) when he says:

We ask for the immediate removal of foreign mining firms; we demand that the mineral rights of this nation be protected to prevent them from being totally removed before they can be applied to the building up of this country for the well-being of its people.⁷⁸

Report on Annual Meetings, 1972

Newmont Mining Corp. and American Metal Climax, Inc., held their annual meetings in Wilmington, Delaware, on May 1, 1972, and in New York City on May 4, 1972, respectively. The Episcopal Churchmen for South Africa filed identical resolutions with each company, asking for a "full disclosure" of the companies' activities in Namibia and South Africa. Two other resolutions, requesting that the companies recognize the United Nations as the lawful authority in Namibia, and placing Tsumeb's profits in escrow, were disallowed by the Securities and Exchange Commission.

Newmont opposed the resolution for several reasons. 1) The company argued that it was not relevant for stockholders "in arriving at an informed business judgment on the retention or the evaluation of the worth of mining properties." 2) Newmont further argued that the information requested by the proponent "seems designed hopefully to furnish such data as might be used to validate the proponent's assumptions and, if possible, to force abandonment of such investments." 3) Newmont also explained that it had to follow the laws of the land where it did business and that following these laws did not necessarily involve "any position as to the rightfulness or de jure standing of any such authorities."

AMAX recommended a vote against the resolution with the following reasons. 1) The shareholders meeting is "not the place for airing of grievances or the solicitation of general information about the politics of countries within which the Company has investments." 2) The companies in which AMAX invests "comply with the laws of the authorities in de facto control of South West Africa." This compliance does not involve such companies "in taking any position as to the de jure standing of any such authorities."

At both meetings, Timothy H. Smith, then of the United Church of Christ Council for Christian Social Action, placed the name of Judge William Booth in nomination to the Board of Directors as "a person who would be sensitive to the interests of African workers." While the nomination was defeated, Newmont Chairman Plato Malozemoff adjourned the meeting without allowing presentation of the resolution by the Episcopal Churchmen for South Africa; only after a very strongly worded protest was lodged by Dr. Howard Schomer, representing shares worth approximately \$2 million held by the United Church of Christ, did Mr. Malozemoff reconvene the meeting. Dr. Schomer moved the disclosure resolution, and read a six-page statement challenging Newmont to respond to the issues being raised.

Speaking in support of the resolution at the AMAX meeting were the Rev. Dillard Robinson on behalf of the Episcopal Church, Theo Ben Guiriab, SWAPO representative to the United States, and Julius Duru, a Nigerian student representing the proxy of the Colorado Conference of the United Church of Christ.

The resolutions received under three percent of the vote by Newmont and AMAX shareholders. Ian MacGregor, AMAX chairman, stated that a report covering most of the information requested would be issued in the future. As of April, 1973, that report had not been released.

Current Actions

In 1973 the Episcopal Churchmen for South Africa returned to Newmont and AMAX, filing a resolution urging them to withdraw from Namibia. The resolution and statement argued as follows:

WHEREAS, the United States Government has declared that its policy is to discourage any further investments in Namibia (South West Africa); and

WHEREAS, such investment serves to strengthen the illegal control the South African Government maintains over Namibia and increases South Africa's vested interest in continuing its occupation of Namibia;

THEREFORE, BE IT RESOLVED that the stockholders request the Board of Directors to adopt appropriate resolutions to initiate the process of amending the Certificate of Incorporation of the Corporation by adding the following new sub-paragraph at the appropriate place:

"Notwithstanding the foregoing, the Corporation shall not conduct or be part to any operations in Namibia (South West Africa), either directly or through subsidiaries or affiliates, and shall use its best efforts to see to it that present operations in Namibia (South West Africa) in which it has an interest are wound up."

The South African Government refuses to yield control over Namibia (South West Africa) to the United Nations, the lawful authority. The United Nations in 1966 terminated a League of Nations mandate by which South Africa had governed Namibia. Since then resolutions of the General Assembly and the Security Council and an advisory opinion of the International Court of Justice have consistently sustained the United Nations' lawful right in Namibia. The United States Government has accepted the World Court decision and has stated a policy of discouraging further investments in Namibia. The Corporation is part owner of Tsumeb Corporation, one of the largest investors in Namibia, which pays taxes to and accepts the racially discriminatory laws of South Africa in Namibia. Such cooperation presents a danger to the Corporation by involving it in direct support of an illegal regime and the use of forced labor.

The United Church of Christ also filed a stockholder resolution with Newmont urging it to practice principles of fair employment in its operations abroad. The resolution further proposed that in any country where local laws or customs involve racial discrimination in employment, the Corporation will initiate affirmative action programs to achieve meaningful equality of job opportunity.

Newmont appealed to the Securities and Exchange Commission (SEC) to be permitted to omit the resolutions from the proxy statement. The SEC ruled that the resolution urging the company to withdraw from Namibia should be included on the proxy statement, but it upheld Newmont's objections to the fair employment resolution. Newmont had argued that the United Church resolution was pushing the company to contravene laws in South Africa and that it could not do this as a company incorporated in Delaware.

For more information about the 1973 proxy challenges to Newmont and AMAX write to:

The Church Project on U.S. Investments in Southern Africa
475 Riverside Drive, Room 845
New York, New York 10027

or

Episcopal Churchmen for South Africa
14 West 11th Street
New York, New York 10011

APPENDIX A: THE TSUMEB CORPORATION BOARD OF DIRECTORS

I.K. MacGregor Chairman; also chairman of AMAX and member O'Okiep Board.
D.O. Pearce Managing Director; also Newmont vice-president and managing director of O'Okiep.
J.P. Ratledge Manager
M.D. Banghart Former vice-president of Newmont; now consultant and Newmont Board member; chairman of O'Okiep
R.C. Bonebrake Former executive vice-president and general counsel of Newmont; member of O'Okiep Board.
A.C. Beatty Chairman of Selection Trust Limited and member AMAX Board.
P. Malozemoff Chairman and president of Newmont; member of O'Okiep Board.
J. Payne Jr. Vice-president of AMAX; alternate member of O'Okiep Board.
E.T. Rose Former AMAX vice-president; alternate member of O'Okiep Board.
T.P. Stratton Chairman of Union Corporation.
D.J. Donahue President of AMAX and member of O'Okiep Board.
J.J. Lennon Member of O'Okiep Board
John Towers Vice-president of AMAX.
J.E. Thompson Executive vice-president of Newmont and member of O'Okiep Board.
J. L. Leroy Secretary of the corporation and secretary of O'Okiep.

APPENDIX B: THE U.S. OWNERS OF TSUMEB -- NEWMONT MINING CORPORATION
AMERICAN METAL CLIMAX CORPORATION

I. TSUMEB Dividends Paid: 1952 - 1971

Calendar Year	Dividends Paid to Newmont	AMAX
1952	\$ 2,219,010	\$ 2,108,059
1953	1,756,454	1,668,632
1954	2,228,059	2,100,792
1955	3,327,589	3,120,000
1956	7,113,989	7,138,000
1957	4,558,486	4,274,000
1958	3,146,952	2,950,000
1959	3,187,511	2,988,000
1960	3,380,378	3,169,000
1961	1,825,956	1,700,000
1962	1,628,452	1,510,000
1963	1,217,133	1,130,000
1964	3,244,707	3,000,000
1965	8,116,000	7,505,000
1966	8,103,000	7,496,000
1967	6,303,000	5,688,000
1968	6,293,000	5,506,000
1969	5,875,000	5,141,000
1970	8,123,000	7,110,000
1971	4,090,000	3,580,000
TOTAL	\$ 85,737,676	\$ 78,882,483

2. NEWMONT

Newmont Mining Corporation, which manages Tsumeb, was incorporated in Delaware in 1921. A major producer of nonferrous metals, primarily copper, the company also mines zinc, lead, nickel, gold, silver, molybdenum, and uranium, as well as other minerals. Wholly-owned subsidiaries in North American and Australia are engaged in the development of petroleum fields. In 1968, 57 percent of the company's net income came from majority owned or managed companies. Newmont ranked number 465 on Fortune 500 list of largest industrials by sales.

Foreign operations account for an important, though decreasing, portion of Newmont's business.

<u>YEAR</u>	<u>TOTAL ASSETS</u>	<u>NET ASSETS</u>	<u>NET INCOME</u>
1970	6%	23%	32%
1971	5%	17%	22%

Concern about the vulnerability of its foreign holdings has led Newmont to reduce its dependence on foreign raw materials. As part of this effort, the company recently purchased an interest in a Canadian operation that has one of the largest copper deposits in North America.

In 1970, Newmont's petroleum subsidiary in Algeria was nationalized, and Southern Peru Corporation, in which the company has an interest, has recently faced government restrictions. Mr. P. Malozemoff, president and chairman of the board, has explained his company's attitude:

Because we have for years been aware of an increase in this political risk factor, we have increasingly worked towards increasing the proportion of Newmont's income derived from North American sources. In the last ten years, we have managed to increase this proportion from about 46 percent to a current 70 percent of our income derived from North America.

Newmont's investments in Africa -- all located in the southern region-- have been an important source of income. Between 1951 and 1969, these properties' dividends provided an average of 38 percent of Newmont's gross income. During two of those years (1955 and 1956), they supplied more than 60 percent. In 1971 and 1970, after Newmont changed its accounting procedures, 32 percent and 39 percent of the company's net income came from the dividends paid by Tsumeb, O'Okiep, and Palabora. Neither Foote Mineral nor Highveld Steel and Vanadium paid dividends in those years.

Newmont owns interests in South Africa's two largest copper mining ventures. Palabora Mining Company, the biggest, is a lucrative operation controlled and managed by Rio Tinto Zinc of the United Kingdom. Newmont owns 28.6 percent, most of it through Palabora Holdings Limited. O'Okiep Copper Company, whose mines in southwestern South Africa are in the midst of land belonging to the Nama people, are managed by Newmont, which holds 57.5 percent of the stock.

The company manages and owns 50 percent of Maluti Holdings, a prospecting venture in Lesotho. (Recently, Newmont sold the other 50 percent to United States Steel.) If Maluti begins production, Newmont will also manage its operating subsidiary, Maluti Diamond Corporation.

Three Newmont officers serve on the 17-person board of directors of Foote Mineral Company, a U.S. corporation of which Newmont holds 648,337 shares of common stock, 32.8 percent of the total preferred and common shares. Foote's wholly-owned subsidiary, the Rhodesian Vanadium Corporation, is one of two U.S. firms responsible for mining almost all of the chrome in Zimbabwe (Rhodesia). Foote and Union Carbide have lobbied for an end to U.S. restrictions on the import of chrome from the territory. The restrictions were declared by former President Lyndon Johnson as a result of international U.N. sanctions against the illegal white regime. In 1971, the two firms were largely responsible for ensuring passage of the "Byrd Amendment," allowing the U.S. government to import chrome and other strategic minerals in defiance of the U.N. ban.

Highveld Steel and Vanadium Corporation is a subsidiary of Anglo American Corporation -- which, despite its name, is under neither British nor American control but is the largest and most powerful financial combine in Africa and is headed by South African millionaire Harry Oppenheimer. Newmont owns 11.9 percent of Highveld, and Foote has a long-term contract with the company to supply Foote's U.S. plants with vanadium-bearing slag.

Through Newmont South Africa Limited, a wholly-owned subsidiary, the company is exploring for other mineral deposits which it hopes will offer opportunities for additional lucrative investments in the area.

Dividend Income as a Percentage of Newmont's Gross Income

	Domestic Dividend Income	Foreign Dividend Income	Southern Africa Dividend Income
1969	42.43	37.68	29.12
1968	30.64	45.80	37.37
1967	43.17	42.89	31.72
1966	26.83	31.58	24.10
1965	29.77	40.93	37.92
1964	30.94	25.43	22.38
1963	42.82	28.40	23.59
1962	23.42	24.40	20.09
1961	29.18	38.92	27.76
1960	24.60	42.53	35.54
1959	32.91	55.96	50.68
1958	31.33	40.73	35.12
1957	27.44	55.37	49.57
1956	22.26	69.96	68.38
1955	25.82	61.27	61.25

1954	28.42	43.50	41.51
1953	30.11	46.38	45.61
1952	28.19	46.51	43.80
1951	36.05	47.37	32.04
Average	30.86	43.44	37.77

Source: Newmont Annual Reports, 1951-1971, compiled by Strom.

Note: Newmont's domestic and foreign dividend income do not equal 100 percent since the firm received income from loans, sale on stock, and some operating fees.

NEWMONT MINING CORPORATION

HEADQUARTERS ADDRESS:

Newmont Mining Corporation
300 Park Avenue
New York, N.Y. 10022

ANNUAL MEETING:

May 7, 1973
Wilmington, Delaware

TRANSFER AGENT:

Bankers Trust Company

REGISTRAR:

The Chase Manhattan Bank
Morgan Guaranty Trust

NET INCOME: (1971)
(1970)

\$54,520,000
\$75,239,000

DIVIDENDS PAID PER SHARE OF COMMON STOCK: \$1.04 in 1971

OTHER INFORMATION:

For 1971, Forbes rated Newmont twenty-fifth among all companies and first among nonferrous metal producers in the growth of annual earnings per share.

BOARD OF DIRECTORS

Plato Malozemoff	President and chairman of the Board
Roy C. Bonebrake	Retired, formerly executive vice-president
Gordon H. Chambers	Private investor, Philadelphia, Pa.
Frank Coolbaugh	Consultant, Denver, Colorado
Lewis W. Douglas	Honorary chairman of the Board, Southern Arizona Bank and Trust Company
Robert B. Fulton	Vice-president
Wesley P. Goss	Chairman, Magna Copper Company
Christian Hohenlohe	Attorney, Washington, D.C.
Andre Meyer	Senior partner, Lazard Frere and Company
William B. Moses	Chairman, Massachusetts Investors Services, Inc.
David O. Pearce	Vice-president, operations (managing director Tsumeb Corporation and O'Okiep Copper Company)
Walter P. Schmid	Retired, former treasurer, Newmont
Stuart F. Silloway	Vice-chairman; Investors Diversified Services, Inc.
Jack E. Thompson	Executive vice-president

3. AMAX

American Metal Climax Corporation (AMAX) was formed in 1957 from the merger of the American Metal Company and Climax Molybdenum Company. The firm mines, processes, and markets a range of minerals, including molybdenum, potash, lead, zinc, iron ore, aluminum, copper. Principal operations outside North America are located in Australia, West Germany, Mexico, the Netherlands, and the United Kingdom. AMAX ranked number 162 in 1971 by sales on the Fortune list of the 500 largest industrials.

Approximately 12 percent of AMAX' common stock is owned by a British company, Selection Trust Limited. Four Selection Trust directors, including the chairman and the managing director, serve on AMAX' 19-person board.

AMAX has investments in several companies that extract and process minerals in Africa. A substantial minority investment (43 percent) in one of Zambia's two major copper companies, Roan Selection Trust (RST), has been AMAX' major African investment. The character of this involvement has changed with the recent nationalization of the mines. When the Zambian government acquired 51 percent of the shares of RST as of January 1, 1970, and established Roan Consolidated Mines (RCM) as the principal operating and holding company for the former Roan Selection Trust mines, RST became a wholly-owned subsidiary of AMAX. Through RST, AMAX now owns 20 percent of the equity in RCM. In addition, RST provides management and consultant services to RCM and acts as its sales agent, on a ten-year contract with RCM.

AMAX holds 17.3 percent of the shares in O'Okiep Copper Company, which is South Africa's second-largest copper producer. O'Okiep is registered in South Africa but has a listing on the American Stock Exchange. In 1968, AMAX sold its interests in the largest South African copper venture, Palabora Mining Company. AMAX explained to its stockholders that "the sale will provide funds raised outside the United States for use in new foreign ventures, in compliance with the U.S. balance of payments regulations." The money was reported to have been used primarily for AMAX' latest South African interest, Botswana RST, in which it owns 30 percent of the equity. Bamangwato Concessions, in which Botswana RST has an 85 percent interest, is developing a nickel-copper property at Selebi-Pikwe in Botswana.

African investments are an important part of AMAX' business. Between 1966 and 1970, dividends from Tsumeb, O'Okiep, Palabora, and Roan Selection Trust provided 20 to 30 percent of the company's net earnings. Tsumeb and O'Okiep dividends in 1971 were .8 percent of net earnings.

AMERICAN METAL CLIMAX - AFRICAN INVESTMENTS

The dividends received from these investments for the past six years are shown on this chart:

	1966	1967	1968	1969	1970	1971
	(\$ in thousands)					
Roan Selection Trust	9,578	9,557	10,114	14,283	12,627	12,812
Roan Consolidated Mines	---	---	---	---	4,250	---
O'Okiep Copper Company	3,468	2,868	2,260	2,396	2,397	970
Tsumeb Corporation	7,496	5,688	5,506	5,141	7,108	3,580
Palabora Holdings	11	513	1,816	---	---	---
TOTAL	20,553	18,626	19,696	21,820	26,382	17,362
Net Earnings for year	65,600	52,800	59,800	69,100	83,600	55,400
Percent (African earnings/net earnings)	31.3	35.8	32.9	31.6	31.6	19.6

Source: AMAX Prospectus, March 9, 1971, p. 17
and AMAX Annual Report, 1971

AMERICAN METAL CLIMAX CORPORATION (AMAX)

<u>HEADQUARTERS ADDRESS:</u>	American Metal Climax 1270 Avenue of the Americas New York, N.Y. 10020
<u>ANNUAL MEETING:</u>	May 3, 1973, 2:15 p.m. Barbizon-Plaza Hotel 101 West 58 Street New York City
<u>GENERAL COUNSEL:</u>	Sullivan and Cromwell
<u>TRANSFER AGENT:</u>	Manufacturers Hanover Trust
<u>REGISTRAR:</u>	Irving Trust Company
<u>NET SALES: (1971)</u>	\$756,920,000
<u>NET EARNINGS: (1971)</u>	\$51,600,000
<u>NUMBER OF EMPLOYEES:</u>	16,450

VI. FOOTNOTES

1. The clearest illustration of the success of South African government propaganda about Namibia came in mid-1971. About two weeks before the World Court decision unfavorable to South Africa was announced, that government invited a group of international press reporters to tour the territory. Stories appeared in a number of publications, including the New York Times, Time, Newsweek, The Times (London), London Daily Telegraph, and the London Daily Mail.

South African journalist, Peter Younghusband, a frequent contributor of sensational and racist articles to South African publications, reported in Newsweek (July 5, 1971) that "there was no indication whatsoever that the 350,000-strong Ovambos are ill-treated - as U.N. critics have charged." Younghusband also suggested that Ovambos are content with South African rule and that "apartheid -- rigidly applied throughout the Republic of South Africa -- hardly touches Southwest Africa." Paul Hoffman, in the New York Times (June, 23, 1971), related his impression that Ovambos support South African policies in Namibia.

Only five months after their visit the territory was shaken by a large strike of contract workers -- almost all of them Ovambos, Namibia's largest ethnic group. Despite the reporters' assessments, the workers expressed their opposition to South African policies, specifically the contract labor system. The incident is only one example of U.S. (and other) press reporting that reflects a view biased toward South Africa.

2. For more details see "Conclusion and Actions" (pp. 19-25) in this document

3. "Geographical Features of South West Africa," in Anthony Lejeune (compiler), The Case for South West Africa, London, 1971, pp.194-195.

4. Sean Gervasi, "The South West African Economy," in Ronald Segal and Ruth First, South West Africa: Travesty of Trust, London, 1967, pp. 146-147.

5. Ibid.

6. Financial Mail, Johannesburg, August 4, 1972.

7. G.M.E. Leistner, "South West Africa's Economic Bonds with South Africa," in Lejeune, op. cit., p. 213.

8. United States Department of State, "South West Africa (Namibia), Background Notes, 1970, p. 1.

9. "Open Letter to His Honour the Prime Minister of South Africa," from Bishop Dr. L. Auala, Chairman of the Church Board of the Ev. Lutheran Ovambokavango Church, and Moderator Pastor P. Gowaseb, (Rhennish Mission Church), (mimeo), June 30, 1971.

10. John Kane-Berman, "Contract Labour in South West Africa," South African Institute of Race Relations, February, 1972, p.5.

11. Government Printer, South Africa Statistics 1968; South African Quarterly Bulletin of Statistics, March 1971; A Survey of South Africa and South West Africa, Standard Bank, July, 1971.

12. Dept. of Foreign Affairs, South West Africa Survey 1967, p. 61, and authors calculations based on the 1965 figures.

13. United Nations Economic Commission for Africa, charts on GDP for African countries.

14. Kane-Berman, op. cit., p. 5.

15. Gervasi, op. cit., p. 144.

16. Kane-Berman, op. cit., p. 5.

17. U.S. Department of State, op. cit., p. 5.

18. South West Africa Survey 1967, op. cit., and G. Krogh, "The National Income and Expenditure of South West Africa (1920-56)," South African Journal of Economics, Vol. 28, 1960, Table I.

19. Department of Foreign Affairs, South West Africa Survey 1967, p. 71, and

- J. P. Ratledge, General Manager of Tsumeb, interviewed by Tami Hultman and Reed Kramer, Tsumeb, Namibia, March 9, 1971.
20. U.S. Department of State, op. cit. p. 5
 21. David Newsom, Assistant Secretary of State for African Affairs, in Hearings Before the Subcommittee on Africa of the Committee on Foreign Affairs House of Representatives, Government Printer, May 20, 1970, p. 175.
 22. United States Mission to the United Nations, Press Release, May 19, 1970.
 23. George Houser, Statement to the U.N. Council for Namibia, January 19, 1972.
 24. Objective:Justice, United Nations Office of Public Information, October, 1971 reprint, p. 18.
 25. Table by Department of Commerce, in U.S. Business Involvement in Southern Africa, Hearings Before the House Subcommittee on Africa, Part 1, 1971, p. 269.
 26. Unless otherwise noted, information about the two companies comes from their annual reports, 1971, the AMAX Prospectus, March 9, 1971, and the Newmont Proxy Statement, May 5, 1969.
 27. Erwin A. Weil, Vice President and Secretary of AMAX, in a memorandum to the Securities and Exchange Commission regarding the AMAX Proxy Statement, March 2, 1972.
 28. Various annual reports of Newmont, AMAX, O'Okiep, Tsumeb (1970 only), Selection Trust, and South-West Africa Company.
 29. Tsumeb Annual Report, 1970.
 30. Windhoek Advertiser, December 14, 1971
 31. Kane-Berman, op. cit., p. 5.
 32. Compiled from annual reports of O'Okiep, Newmont, and AMAX for 1971, plus data supplied by Newmont and AMAX officials.
 33. "Employee Contract," South-West Africa Native Labour Association (photocopy).
 34. Rand Daily Mail, January 13, 1972.
 35. Full text of statement by the Minister, Windhoek Advertiser, January 21, 1972.
 36. Ibid.
 37. Observer, London, January 30, 1972, p. 6.
 38. Interview with Andreas Shipanga, South-West African People's Organization (SWAPO), June, 1971; the company side of the incident was given by Newmont officials.
 39. Observer, London, January 30, 1972.
 40. Data confirmed by Newmont officials.
 41. Windhoek Advertiser, December 31, 1971.
 42. "Statement of Newmont Mining Corporation," February 4, 1972, p. 12.
 43. D. O. Pearce, telephone conversation, January 24, 1972.
 44. J. P. Ratledge, interview, op. cit.
 45. "Agreement of Employment," Tsumeb Corporation, Ltd., (photocopy supplied by Newmont officials).
 46. P. Malozemoff, President and Chairman of Newmont, in a letter to the Editor, Wall Street Journal, April 19, 1972, and further detail supplied by company officials.
 47. Data supplied by Newmont and AMAX officials.
 48. "Statement of Newmont Mining Corporation," op. cit., pp. 10, 11.
 49. "Agreement of Employment," op. cit.
 50. See, for example, the interview referred to in footnote 38 above. Other confirmations of the data were given to the authors by Namibians both resident in and exiled from their country.
 51. AMAX Journal, Summer, 1964, Vol. 2, No. 2, p. 5.
 52. Data supplied by AMAX and Newmont.
 53. Winifred Armstrong, "A Visit to African Copper Mines," AMAX Journal, Vol. 9 No. 3, p. 15.
 54. Francis Wilson, Labour in the South African Gold Mines, Cambridge University Press, 1972, Table 5, p. 46.
 55. United Nations Document A/AC 109/ 1154, October 16, 1964, p. 71.
 56. Unless otherwise noted, the following information about Tsumeb comes from the Ratledge interview and various Newmont annual reports, 1949-1971.
 57. Windhoek Advertiser, January 13, 1972.
 58. AMAX Journal, 1964, op. cit.
 59. Tsumeb Annual Report, 1970.

60. Based on a survey of Newmont annual reports, 1949-1971.
61. J. P. Ratledge, interview, op. cit.
62. Ibid.
63. Advertisement in Wall Street Journal, September 5, 1969, Tsumeb Annual Report, 1970, and company data.
64. Leistner, op. cit., p. 213.
65. J. P. Ratledge, interview, op. cit.
66. Annual reports, Newmont and AMAX, 1970.
67. Annual report, Newmont, 1971.
68. Figures from Newmont annual reports, 1947-1971, compiled by Terence Strom, "Newmont Mining Corporation Southern African Operations," prepared for Course B95-1, Columbia Business School, Prof. James Stoner, May 15, 1972, p. 5.
69. Compiled from figures given above. Sources include AMAX Journal, 1964, and Tsumeb Annual Report, 1970.
70. Information on Newmont, Merrill-Lynch Memorandum, June, 1970.
71. Computed from Newmont annual reports.
72. Newmont Annual Report, 1970.
73. Scope for Investment, Union Acceptances, Ltd., Johannesburg, November, 1969; interviews with Newmont officials.
74. Yearbook of Labour Statistics, 1971, International Labour Organization. Geneva.
75. Computed from data in Tsumeb Annual Report, 1970, and Newmont Annual Reports, 1970 and 1971.
76. F. Wilson, op. cit., Appendix 4.
77. Tsumeb wage data given above.
78. Clemens Kapuuo, in a letter and enclosure to London solicitors, September 13, 1971, reprinted in Leonard Lazar and Roger Murray, Namibia: Ill Fares the Land, Africa Bureau, London, 1972; also reprinted in United Nations Document S/10356.
79. Statement of Dr. Howard Schomer, secretary of the United Church Board for World Ministries, Newmont Mining Corporation annual meeting of shareholders, May 1, 1972.
80. P. Malozemoff, in a letter to Tim Smith and Paul Irish, of the Council for Christian Social Action of the United Church of Christ, January 31, 1972.
81. Ian MacGregor, AMAX chairman, in a letter to W. K. Newman and H. E. Spragg, United Church of Christ, February 4, 1972.