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# Talking points: Arizona and Africa

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*Boston University*

## TALKING POINTS: ARIZONA AND AFRICA

\*\*Over the last half century, US transnational mining corporations have been shifting mining production from Arizona to lower wage areas like that of southern Africa. Often in collaboration with the South African mining finance house, the Anglo American Group, US firms have thus put the wages and working conditions, won by U.S. miners over generations of struggle, in competition with those imposed under apartheid. Since World War II, starting in southern Africa, US agribusinesses and transnational manufacturing firms, too -- seeking to maximize their global profits -- have sought to penetrate the African continent in search of markets, cheaper sources of raw materials, and low cost labor. <For history, see pp.2-4, 12-14; for South African links, see pp.fff and Notes on the Structural Issues Relevant to all the Southwestern States, attached at back>

\*\*Since 1980, increased US military intervention seems designed to further open up the entire African continent to US corporate penetration -- much as, in the early part of this century, the marines assisted US businesses to expand in Latin America.<See pp. 5>

\*\*The military buildup in the US has had both direct and hidden costs for Arizona, aggravating its dichotomized development <see pp. 12ff>.

\*\*The pattern of development has led to growing numbers of unemployed, declining union membership, falling real incomes and the impoverishment of growing numbers of the state's population, especially women, Mexican Americans, Native Americans, blacks and the elderly <see pp. 13-14, 17-18>

\*Alternative patterns of development could lead to full employment and rising living standards both in Africa and Arizona <See pp. 18 and Notes on Structural issues.....>

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## MILITARIZATION IN AFRICA AND THE US SOUTHWEST

### INTRODUCTION:

The growing US militarization of Africa affects the economic situation confronting the populations of the southwest United States in two respects: First, given the technological revolution that has shrunken the world's parameters, US military support for conservative governments seeks to open up the rich mineral and agricultural resources and vast low paid labor reserves of the African continent (three times the size of the United States with a

population of over 500 million) to US transnationals, putting the wages and working conditions of the US Southwest in competition with those of the oppressed workers of places like apartheid South Africa; and, second, the increased militarization of the US itself, including the Southwest, while enriching a few very large transnational corporations and counties, imposes both direct and hidden costs that undermine the living standards of the majority of people of the region.

I. ARIZONA'S BACKGROUND: To understand how US militarization in Africa aggravates unemployment and poverty Arizona, it helps, first, to outline the historical circumstances that shaped the current dichotomous development of resources in the US southwest:

A. New Mexico (including Arizona), the focus of the Spanish colonizers' North American conquest, has in the last century become a relatively less important hinterland of modern Texas (today the regional subcenter of the southwest):

1. The Spanish colonialists by-passed Texas to pursue the (contradictory) aims of converting to Catholicism the relatively populous sedentary peoples (especially the Pueblos) who had long before established a self-sufficient agricultural and handicraft economy and mined the rich mineral deposits stored in the mountains; and forcing them to provide mineral riches to their Spanish overlords.

2. In the mid 19th Century, expanding westwards to fulfill a self-proclaimed 'manifest destiny,' the United States came into conflict with and defeated the army of the newly independent Mexican government, taking over New Mexico and what later became Arizona, along with California, Nevada, Utah and parts of Colorado and Wyoming -- essentially a third of what had been Mexico's territory.

3. For almost three fourths of a century, until shortly before World War I, New Mexico and Arizona remained without statehood, reflecting US suspicions aroused by conflicts between the Native American peoples, the Mexican Americans, and 'Anglos' trekking in, mainly from Texas and the US South, primarily in search of mineral wealth.

a. US army policies of coercing Native Americans into reserves (an idea later adopted by South Africans in setting up reserves that became the 'bantustans') reflected racist perspectives; eg. Commander of the California Column Carleton, who assumed control of the Department of New Mexico in the 1860s, supported placing Native Americans on reservations which

"will be Islands; and as time elapses and the race dies out, these Islands may become less and less, until finally, the great sea <of white men> will engulf them one after another until they become known only in history and at length are blotted out, of even that, forever." [F.D. Reeve, "The Long Walk," New Mexico Historical Review, Vol. XIII, no. 1 (Jan 1938

, pp. 14-35; republished in R. N.

Ellis, ed. New Mexico Past and Present - a historical reader <Albuquerque: University of New Mexico Press, 1971>.]

b. After the Civil War, the "Santa Fe Ring," consisting largely of Republican "Anglos" with ties to Washington, dominated New Mexico's economy, engaging in railroads, ranching, mining, and above all land grants with 'rubber like qualities' as they stretched far beyond their original boundaries.

4. The coming of the railroads, centered largely in Texas reduced the importance of the Santa Fe trail westwards, on the one hand ensuring the larger state of Texas, with its growing oil wealth and access to the sea, the dominant place in the region; and, on the other, contributing to the separation of Arizona as a state apart from New Mexico.

a. In 1853-4, the Gadsden Purchase extended what later became southern Arizona further into Mexico to acquire an easy rail route from the Rio Grande to the Pacific Coast. Exploring back eastward from California, mine companies discovered Arizona's rich minerals.

b. Native Americans, who had originally aided US troops to defeat the Mexicans, came into conflict with the expanding Anglo Americans' frontier posts. After the Civil War, US based Anglo mining interests demanded and finally won administrative separation of the Arizona territory from New Mexico, which they claimed neglected the lands to the west. The US army built more military posts, requiring supplies that stimulated local cultivation of farm products and live stock ranching.

5. Nineteenth century development in Arizona centered around minerals exported as raw materials to eastern factories, protected by the military, and financed by eastern capital:

a. More Anglos flocked into the territory, both to mine and to farm. With superior numbers, firepower and resources, the army gradually pushed the Native Americans on to reservations. After the final defeat of Geronimo in 1886, racism spurred the army to exile the Apaches (including non-belligerents, despite

the vigorous protests and resignation of Genera George Crook who pointed out some had assisted the US forces) to distant Florida. There many succumbed to tuberculosis before the US army again moved them first to Alabama and later to Fort Sill, Oklahoma.

b. Financed by eastern US capital, the railroads replaced perviously prosperous Mexican-American freighting companies. Irrigated land schemes bringing Anglo homesteaders cut off water supplies from downstream Mexican-American farms, pushing many of their former owners into wage labor. [For the way class and race entered into the Mexicans' loss of their predominant status, see, eg., T. E. Sheridan, - The Mexican Community in Tucson, 1854-1941 <Tucson: the University of Arizona Press, 1986>; and more generally David Mantajano, Mexicans vs. Anglo Americans, 1846-1986 <Austin: University of Texas Press, 1987>]. Ranching companies, using barbed wire and low-cost windmills, revolutionized the cattle industry across the territory.

c. The new silver and copper mines, digging deep into underground lodes throughout south and western Arizona, required relatively large amounts of capital, increasingly provided by New York's Wall Street, and labor:

i. After the late 1880s, as electricity provided a growing market for copper wire, copper became Arizona's leading mineral. Mexican-Americans, together with Mexicans coming from across the border and immigrants from places as far away as Cornwall and the Balkans, provided the low paid mining force that helped make the burgeoning mining business profitable. Many of these gave leadership to the coalition of mineworkers, small farmers, and some local businesses in the Populist movement that swept across the South and midwest opposition to the domination by the railroad and mining companies.

ii. Just before World War I, to thwart the workers' efforts to unionize, "Rawhide" Jimmy Douglas, head of the leading Arizona copper company, Phelps Dodge, banished hundreds of strikers from company towns and encouraged armed men to load hundreds of stikers aboard freight trains for deportation to New Mexico.

iii. By the post World War II era, Arizona mines, some owned by companies which also acquired South African assets (in 1984, these included Phelps Dodge, Newmont, and others -- see Notes on Issues Relevant to the Structure of all Southwestern States, attached) produced about two thirds of the copper mined in the US, about a third of the world's supply. They also produced molybdenum, used to harden steel and aluminum.

II. THE CASE OF SOUTHERN AFRICA illustrates the reasons for and the impact of US militarization in Africa, its implications for the future development in the US southwest:

A. The post World War II technological revolution facilitated the growth of US transnational corporate investment in Africa, first to gain access to rich mineral and agricultural resources, using the cheap labor reserves (even lower than those of Latin America because of the disruption caused by centuries of the slave trade, followed by a hundred years of outright colonial rule); and then to build manufacturing industries, especially in South Africa where apartheid ensured continued low cost labor along with access to southern African raw materials, markets for manufactured goods, and high rates of profit.

(This background is detailed in Seidman, *The Roots of Crisis in Southern Africa* (Trenton, NJ: Africa World Press, 1985) and Seidman, *Apartheid and the U.S. Southeast*, forthcoming, esp. Chs. 3 and 4)

1. US mining and financial interests have long invested in southern African minerals, gradually shifting to sources there while reducing mining output and laying off US miners:

a. South Africa's leading mining finance house, the Anglo American Group, began operations at the outset of World War I with the help of Morgan financial interests; and has since expanded its ties in the US through a growing network of corporate interests, including Engelhard (which provided it with Democratic Party links); Newmont Mining (which today owns Peabody, a leading US coal mining company, in partnership with Bechtel, which contributed Shultz and Weinburger to Reagan's Cabinet); and American Metal Climax (AMAX) (see list of Anglo-American international affiliations in Innes, *Anglo America and the Rise of Modern South Africa*). In the 1970s, the Anglo American Group, operating through its offshore Bermuda base, MINORCO, became the second largest foreign investor in the United States, with controlling investments in a wide range of activities, beginning in mines and extending into finance, including the leading Wall Street firm, Phibro Salomon, with links to the Rockefeller Citicorp.

b. Starting after the first World War and continuing through the apartheid era into the present, in collaboration with US and British firms, the Anglo Group developed mines throughout South and southern Africa, including copper in Zambia, Namibia, Botswana, Zimbabwe and Zaire (where it also worked with Belgian interests); diamonds in Botswana, Namibia, Angola, and Tanzania; iron ore in Swaziland and, in cooperation with the then-Rhodesian government, Zimbabwe; platinum and gold in South Africa; and uranium in South Africa

and Namibia (in cooperation with Rio Tinto Zinc). Union Carbide developed chrome and ferro chrome mines in Zimbabwe and South Africa. As the US companies shifted to southern and particularly South Africa for their sources of these minerals, they strengthened the basis of the argument that these provided "strategic" interests which US policy must protect.

(See appendix to this outline for U.S. companies with investments in South Africa and details relating to their role in the U.S. southwest)

i. Companies like AMAX and Newmont could close down the southwestern mines and import copper and other strategic minerals, including lead, platinum and vanadium (see Appendix I in Roots of Crisis) from their southern African mines where they paid workers a fraction of what they paid unionized US mine workers.

ii. In the late 1970s and '80s, world copper prices plummeted. The independent African copper producers -- Zambia, Zaire and Zimbabwe -- having adopted western advice to expand copper instead of redirecting their copper profits to more balanced integrated economic development, experienced growing foreign debts. The IMF imposed conditions forcing them to devalue their currencies, further lowering their workers' real wages to cut their copper prices, in a desperate effort to expand their copper sales.

In this period, employment in the Southwest's copper industry declined, and the US. firms, spearheaded by Phelps Dodge (with holdings in South Africa) in the southwest (and by Shell, BP and Fluor in Appalachia - see Apartheid and the US Southeast, op. cit.), mounted a major attack on the US mineworkers' unions.

iii. When Rio Tinto Zinc began to sell Namibian uranium, mined under conditions of apartheid (with little or no protection against the effects of radiation) by workers receiving wages less than a fourth those of US miners (in violation of UN embargo against investments in Namibia until South Africa granted it independence) US mine firms stopped mining uranium in New Mexico and laid off thousands of workers.

## 2. The role of the US "majors" in African oil:

a. As African states won political independence and improved communications and shipping facilities reduced the costs of long-distance production in the post World War II era, US oil "majors" expanded their exploration and exploitation of

African crude oil in Nigeria, Algeria, Libya, and Angola, shipping it to their refineries at home or elsewhere for sale throughout the world's markets.

i. Initially, the US oil companies shipped away the African states' low cost crude, paying little in taxes, and remitting most of their profits without regard for national development. With the advent of OPEC, the participating African states forced up world oil prices and captured a larger share of the resulting investable surpluses, but, through their control of the major refineries and marketing networks, the companies reaped even higher profits attaining the status of the world's largest companies with incomes exceeding that of several independent African countries.

ii. Some African countries sought to reinvest their oil profits in their national development, achieving some success in restructuring their economies to meet their peoples' needs.

iii. The non-oil producing countries, their modern export-oriented economies dependent on oil for fuel and lubrication, had to spend up to a third of their export earnings to buy oil, regardless of the price -- a significant factor in their mounting external debt.

iv. In southern Africa, Angola, upon attain liberation from the Portuguese in 1976, negotiated an agreement with Gulf Oil (now Chevron) to acquire shares in Gulf's Angolan affiliate, and half the profits. In return for its shares, Gulf would train local people, provide the necessary technology, and refine and sell the oil through its international marketing network.

a) Through Gulf, the US remained Angola's leading trading partner.

b) A member of the nine-state association of independent southern African countries (the Southern African Development Coordination Conference, SADCC) that sought to cooperate to attain development and reduce dependence on South Africa, Angola agreed, once it established its own refinery capacity and developed the essential infrastructure, to provide lower-cost oil products to its fellow SADCC members

b. The 'majors' made their biggest oil refinery investments on the entire African continent, not in the independent states, but in South Africa. There they made a key contribution to building up the racist minority's military-industrial capacity to oppress the African majority



at home and destabilize the entire southern African region.

i. Ironically, South Africa has no oil deposits of its own; but it depends on the oil 'majors' -- Caltex (Standard Oil of California and Texaco), Mobil, and Shell-BP -- to bring in oil for their refineries. This they did, under a heavy curtain of government secrecy, despite the OPEC and UN attempts to impose an effective boycott. (Mobil earlier helped to evade the UN boycott against the then-Rhodesian government which had unilaterally declared independence (UDI) to prevent establishment of majority rule in what, after 15 years of guerilla war, became Zimbabwe.)

ii. Shell-BP collaborated with the South African government-owned Sentrachem to build a petrochemicals industry, essential for inputs to industry and its growing military buildup.

iii. The US engineering firm, Fluor, constructed a giant oil-from-coal facility for the minority government's SASOL, designed to reduce its dependence on imported oil (its capacity remains secret, but estimates range from 10% to 30% of South Africa's oil needs.

(For details re Fluor and Shell-BP's anti-union activities in South Africa and the US Southeast, see Apartheid and the US Southeast, Ch. 6)

### 3. Manufacturing:

a. All the independent African states sought to attract investment in industries to increase productive employment opportunities and raise living standards; but three fourths of all U.S. manufacturing investment on the entire continent went into the military-industrial manufacturing business of apartheid South Africa.

i. Essentially, US firms began to extend the maquiladora concept to South Africa where, until the 1980s, the regime pursued policies that ensured them rates of profit averaging 25 percent.

ii. Increasingly, as anti-apartheid divestment pressures mounted, US firms shed their ownership of local plants and contracted with locally-based firms (which they "sold" to the local managers or to the Anglo American Group) to sell them the machinery, equipment and materials, if necessary helping to finance it.

b. US. firms sought thus to take advantage of:

(For details re firms and their role in southern Africa, see

Apartheid and the US Southeast, Ch. 4; after identifying particular transnational corporate affiliate in the southwest, look at the 1984 list of US firms with assets and employees in South Africa <See Appendix in Roots of Crisis, op. cit.>, to see if also operated in them.)

i. Cheap labor disciplined under apartheid conditions for labor intensive manufacturing processes like

\*those of auto firms like GM, Ford and Chrysler <the latter two sold out to the Anglo American Group>;

\*textiles <In the 1980s, for example, Sears Roebuck could buy textiles from Taiwanese firms hiring workers in the bantustans for \$7 a week, compared eg to North Carolina workers -- the lowest paid in the US -- who received \$7 an hour; while North Carolina lost 43 textile jobs a day, Sears could sell "Taiwanese-made" goods despite the unenforced US sanctions.>;

\*high-tech: eg. IBM sold its South African plant, but continues to sell computer technology to the South African firm under contract, and claims no responsibility when that firm sells it to the government (which, under 1986 sanctions law, would be illegal for IBM to do).

ii. Access to South and southern African crude materials, produced by low paid labor in mines and on corporate and settler farms throughout the region and shipped in via trading networks dominated by the Anglo American Group. iii. Access to markets, including:

\*The wealthy white 20% of the South African population who could afford luxury durable goods;

\*Advanced electrical, automotive, and even nuclear-related technologies for the regime's military, expanding as it sought to perpetuate its oppressive rule at home and destabilize the region <sales through local South African-owned firms enabled the US manufacturers to evade the letter of the US sanctions law>; GE, General Motors, Westinghouse, IT&T contributed these kinds of goods;

\*Improved technologies to enable the minority to develop industry, mining, agriculture and the military while reducing "dependence" on black labor -- a major factor contributing to growing unemployment in South Africa; firms like IBM, Burroughs, Honeywell helped make white South Africa one of the most -- if not the most -- highly computerized populations in the world;

mean while black unemployment soared to an estimated 30 to 40 percent of the populations as almost half the black population struggles for survival without paid jobs in the destitute bantustans.

\*The neighboring countries, whose externally oriented economies remain dependent on imported machinery, equipment and luxuries for the elites, now produced in South Africa -- as South Africa exerts its economic, political and military power to coerce them to buy from it.

4. U.S. banks have contributed loans and trading finance to South African firms, enabling them to continue to finance the import of technology and the export of their products:

a. Although the 1986 sanctions prohibits further loans, the banks have engaged in rolling over past loans through rescheduling them, thus continuing to make funds available.

b. Among the leading transnational corporate banks with loans outstanding to South Africa, Citicorp of New York has close ties with the Anglo American Group; and in 1987 turned over its South African assets to that Group, presumably continuing to conduct its business through Anglo American channels (including MINORCO based in Bermuda, with which Citicorp has long had ties; Walter Wriston, former head of Citicorp, sat on the MINORCO board.)

i. Citicorp, which accumulates investable surpluses from clients doing business in the US (like mining companies) makes over half its profits from by making loans overseas

c. Data is needed on the way banks accumulate funds from US business and reinvest them to build up regional subcenters like South Africa.

B. Increasingly backed by military intervention, the Reagan Administration's Constructive Engagement Policy in southern Africa aimed to sustain the conditions in which US "interests" could thus expand:

1. It incorporates a two-stranded policy: (for details, see Seidman, Roots of Crisis in Southern Africa, especially chs. 5 and 6.):

a. It seeks to encourage the South African regime to compromise with its domestic opponents to implement 'reforms' to eliminate the most blatant racist features while maintaining the profitable economic status quo;

b. It aims to slow down change in the neighboring countries to give the South African regime time to achieve this goal, while retaining its dominant position throughout the region.

2. In implementing this policy, the Reagan administration (for details, see Apartheid and the US Southeast, Ch. 4):

a. Refuses to effectively implement even the 1986 Congressional compromise sanctions against South Africa -- passed over the President's veto -- or even the UN embargo on military-related equipment (signed by the US); thus US firms may, under the flimsiest pretexts, assist South Africa to evade those national and international laws;

b. Thwarts negotiations for Namibian independence by insisting on linking them with the withdrawal of Cuban troops from Angola;

c. Provides open support for the South African supported anti-government contra force, UNITA, in Angola, some of it through South Africa in violation of the UN embargo;

d. Built up a military airforce base in Zaire as a second channel of aid for UNITA;

e. Provides military assistance for the Kingdom of Morocco, (much of which it uses in its war against the Saharan Peoples Republic), while Morocco provides headquarters for UNITA.

2. The South African-US supported UNITA focusses on targets that aim to disrupt Angola's development and the landlocked independent southern African states' efforts to reduce their historically-shaped dependence on South Africa:

a. Seeking to delimitize and destabilize the Angolan government, UNITA attacks peasant food production and development projects,

b. To thwart the efforts of Angola's SADCC neighbors to use them to import and export goods outside of South Africa, UNITA destroys Angolan transport networks, especially the Benguela Railroad,

C. Insofar as this "maquiladorization" of southern Africa reflects the role of US transnational corporations in shifting productive activities from the US to that region to exploit the low living standards imposed by the dominant South African regime, it has direct implications for development in the US southwest.

1. It tends to undermine US wages and working conditions, contributing to rising unemployment in the higher paid productive sectors, with a shift to employment opportunities in the lower paid services and trade sectors, leading to declining real incomes for the lower income sectors of the population.

2. This trend will likely become more evident as devaluation of the US currency reduces the purchasing power of the wages US workers earn.

III. ARIZONA TODAY: The way U.S. transnational corporations, now backed by increased US militarization, have taken advantage of the post-World War II revolution in technology to shift productive sectors to low wage areas like southern Africa has had significant consequences for the people of Arizona:

A. By the 1980s, Arizona (1980 population=3,053,000, roughly one fifth Hispanic, 1.7% black) was characterized by dualistic development, with a sharply skewed income distribution related to military-high tech development for a small percentage of the population; and low incomes and high poverty rates for growing numbers, especially among the Hispanic and Native American

population:1

1. The structure of employment changed dramatically over the last half century:

a. As large scale irrigated farms squeezed out small farmers, the farm population dropped to 1.42% of total Arizona residents in 1970, and even further to 0.51% in 1980.

b. Mining employment, with about two thirds of the mine workers in metal mining, primarily copper, also declined from about 16,600 in 1982 to 12,300 in 1985 -- barely 1% of the state's total wage employment. In 1985, mine wages averaged \$25,701, somewhat above New Mexico's (\$24,249) and the national average (\$23,661).

i. US firms like Phelps Dodge, Newmont and Amax could obtain minerals far more cheaply mined by third world workers in places like South Africa or Namibia for wages a fourth as high.

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1. Unless otherwise cited, the following data is from the Department of Commerce, State and Metropolitan Data Book <Washington, DC: Government Printing Office, 1986.

c. In 1985, manufacturing employed 172,000 workers, about 16 percent of the state's wage labor force, more than a third higher than in 1977 (in contrast to a decline of -2.5%, nationally.)

i. Most of this growth took place in urban areas, aggravating the dichotomy between urban prosperity and rural poverty.

i. High tech industries -- electric and electronic equipment, machinery except electrical, and transportation equipment -- employed about two thirds of Arizona's manufacturing workers.

a) How IBM used contractual relations to lower its labor costs in Arizona, see Notes on Issues Relevant... attached)

ii. In 1982, Arizona's manufacturing wages averaged \$16,418, about the same as the national average, and somewhat above New Mexico's, though somewhat below Texas' and Colorado's.

a) The Arizona average was raised by relatively high wages paid in the electric and electronic equipment (over \$24,000), whereas food, textiles and other industries paid wages roughly half that.

i) Wives of laid off mine workers in Tuscon took jobs in these industries in order to continue payments on such necessities as health insurance and houses.

b) By 1987, growing numbers of manufacturing firms had moved their productive work across the border to Mexico

i) The Arizona Daily Star of Tuscon listed (3/6/88) foreign-owned maquiladora assembly plants with 100 or more workers in Nogales, Sonora, across the border from Arizona. In 1984, several had assets in South Africa, including (number of maquiladora plant employees in parentheses): General Electric (518); ITT (294); and Xerox (294).

d. The non-productive sectors, also primarily centered in the urban areas, employed over 80 percent of the privately employed labor force, but some paid considerably lower wages. In the retail trade, with 242,000 employees, for example, annual salary averaged about \$10,000.

2. As unemployment mounted in Arizona, U.S. firms demanded that

workers make wage concessions and give up 'fringe' benefits in return for continued employment; and conducted intensified anti-union activities.

a. In 1983, for example, Phelps Dodge -- which has South African assets -- brought in scabs and broke the at its Bisbee mines, imposing a 20-30% wage cut and leading the campaign to break unions throughout the region;

b. Magma mine, 20% owned by the Anglo American affiliate, Newmont, forced the workers to accept a similar wage cut or lose their jobs (See Notes on Issues Relevant....attached)

c. From 1975 to 1982, union membership in Arizona dropped from 151,600 to 131,700, that is, from 20.9% to 12.8% of the labor force.

3. Dichotomized development left large numbers of Arizona's rural population (especially former miners, farmers, Mexican Americans and Native Americans, totalling about 25% of the population) with less employment and lower incomes than those living in the cities.

a. With a per capita income of \$9,005 in 1983, (\$600 less in real terms than in 1979), Arizona ranked below the average for the United States (\$9,496 in 1983).

b. A higher proportion of Arizonans (13.2%) received less-than-poverty line incomes than for the US as a whole (12.4%);

c. Those receiving below poverty line incomes constitute a much higher proportion of Arizonans living in rural areas (19.3%), where Hispanics make up 19.22% of the population and which include the Native American reservations.

d. Tuscon, where Hispanics make up 25 percent of the population, has the highest urban poverty rate, about 15%.

d. In 1984, urban unemployment in Arizona(3.9%) was below the national rate (7.5), but in rural areas it was higher (9.4% compared to 9.1%).

B. The US domestic military buildup, necessary to sustain the kind of military intervention designed to 'open up' Africa, had both direct and hidden costs for Arizona:

1. The military had long been a major feature of Arizona's landscape, part of the US westward thrust:

a. Fort Huachuca was headquarters for the famed Geronimo Campaign and remained to guard the border and deal with Native

American 'holdouts.' Today, it the home of world-wide Army Intelligence.

b. The military uses five percent of Arizona's land area, a sixth of all the land the military uses throughout the US. Large areas are designated "high risk target" areas in case of nuclear war.

c. Thousands of GIs trained in Arizona during World War II; and returned after the war, fueling a population boom in the 1960s and 60s. With air conditioning, manufacturers and services businesses, attracted by climate, a relatively unorganized labor force, and, in the 1970s, low energy costs, came into the state. Two thirds of the 1980 population come from out of state, especially in Phoenix and Tuscon.

d. The military provides about 15% of Arizona's income -- but it goes to a limited number of Arizona counties and companies.

e. Arizona receives over \$8 billion for military related research; some university departments depend on the military for 50% of their research budgets.

2. The military spending in the region tend to be concentrated among a few firms and in a few military installations, thus aggravating the lop-sided pattern of state development which enriches a few and impoverishes growing numbers of state

citizens:2

a. Arizona contributes a sixth of all the land the military uses in the US:

i. It hosts several bases:

\*Davis-Monthan Air Force Base - Home of the tactical Air Control Wing that provides air strikes in support of ground forces world wide; trains personnel for the Ground Launched Cruise Missile (subject to INF treaty); and stores used US aircraft for future sale to foreign governments.

\* Williams Air Force Base, outside of Mesa, to train undergraduate pilots.

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2. Unless otherwise cited, the following information is from Nina Mohit, Balancing the Books - military Spending in Arizona, the Impact & alternatives <Phoenix: The Arizona Center to Reverse the Arms Race, 1210 East virginia Street, Phoenix, Arizona, 85006.



\*Luke Air Force Base to which allied countries send pilot trainees for instruction in nuclear-capable F16 conversion instruction.

\*Fort Huachuca, Arizona's only army base, is the "Home of Army Intelligence," the headquarters for the U.S. Army Communications Command worldwide which trains all the Army's intelligence personnel. It has 9000 square miles of private and public land with facilities for testing electronic warfare equipment and disposing of military chemicals and explosives.

\*Yuma Proving Grounds and the Marine Corp Air Station provides advanced training including nuclear weapons delivery instruction in a 1400 square mile area. Nuclear artillery and neutron warheads are test-fired here.

ii. Other military installations include the Naval Space Surveillance System transmitter at Gila River; the Holbrook Radar Bomb Scoring Site for nuclear bomb delivery practice of the Air Force's Strategic air command; and the Joint Surveillance Radar System at Cave Creek.

iii. Much air space is occupied by Department training, texting and transport. Unmakred railroad convoys carry nuclear warhead cargoes for the military division of the Department of Energy's factories and storage depots scattered throughout the country.

b. Aside from the military personnel living there, who come from all over the nation, the bases primarily provide relatively low paid service jobs for Arizona citizens living in the immediate neighborhood.

c. Hidden costs of these military installations include:

i. the loss of tax dollars, since the vast acreages of land are exempt from most or all tax payments;

ii. environmental degradation, as weapons use and production often impact negatively on the surrounding neighborhood; in Arizona, these dangers include pollution of both land and air since testing affects the air, and disposal of wastes may leak into surrounding soils and water supplies. Efforts are being made to investigate these issues in southern Arizona, but without much government assistance (Talk with Dick Kemp, Border Ecology Center on Toxic Waste, P.O. Box 5, NACO, Arizona 85620; Phone: 602-432-7456).

iii. tax expenditures for schools, roads, additional health facilities and police protection for military personnel.

(For illustrations of these costs from the US southeast, see Apartheid and the US Southeast, Ch. 10)

2. Military contractors in Arizona include leading firms that draw on the state's electrical and electronics manufacturing capacity to produce military hardware:

a. Hughes, Tuscon, is Arizona biggest military contractor, with about two fifths of the state's 1986 prime military contracts. A part of General Motors (which recently sold its South African assets to a South African firm, but continues to provide it with technology), Hughes in Arizona makes guided missiles

i. Hughes illustrates how m ilitary contracts accentuated instability in employment; in 1987, it laid off 832 workers from its 7,830 person labor force, which was already 1000 workers less than in 1986 (For details, see Notes on Issues Relevant...attached).

b. Other leading contractors include Motorola with operations in Scottsdale, Tempe, Chandler and Phoenix; Garrett with divisions in Phoenix and Tuscon to produce turbines, jet engines, and computers for planes and nuclear systems; Hughes Helicopter, part of McDonnell-Douglas, which manufactures apache Attack Helicopters in Mesa; and Goodyear Aerospace, Litchfield Park, which produces airborne radar systems.

c. Other military contractors which have invested in South Africa (besides Hughes) include: Goodyear, GE, Honeywell, IBM, ITT, Litton and United Technologies.

i. See Seidman, Apartheid and the U.S. Southeast, Chapter 10, for examples of the potential consequences of military contracts in contributing to increased capital intensive production, reducing employment; redistributing the tax burden; racism; and anti-union policies. These possibilities need to be documented in Arizona.

ii. It has been estimated that, from 1981-85, military spending cost Arizona a net loss of-8,610 jobs; the same money invested in (less capital-intensive) civilian production would have increaed employment (Employment Research Associates, 474 Hollister Bldg, Lansing, MI 48933).

a) Institutionalized discrimination tends to prevent Hispanics and women from obtaining the high tech jobs associated with military production, aggravating the skewed income distribution throughout the state:

b) From 1982-85, militarization of Arizona's economy cost a net loss of -9,550 civilian jobs for blacks, and -17,300 civilian jobs for women.

iii. In Arizona, overall tax spending on military exceeded gains, so, on average Arizona citizens lost \$80 a family; in 3 districts, families lost more: #1=-\$240; #3=-\$2200; #4=-\$350. Only in 2 districts did they gain: #2=+\$240; #5=+2390.

B. To cut taxes and pay for the growing military budget (which, despite Reagan's pledges to reduce the nation's debt, created a federal deficit equal to the entire growth in the nation's national product since 1980), the federal government has reduced domestic spending for basic human needs, further aggravating the negative effects of the changing international division of labor implemented by US transnational corporations.

(See Seidman, Apartheid and the US Southeast for illustrations of the resulting cuts in social welfare)

IV. A PEACEFUL ALTERNATIVE to the present policy of militarization and intervention in support of the status quo to "open up" third world regions like Africa to US transnational corporate involvement could provide far greater benefits to both the peoples of Africa and the United States:

A. The billions spent in building up US military capacity to police the world could be re-directed to providing productive employment opportunities, job training, better incomes, and an improved social security safety net for US citizens, including those living in the Southwest.

(For dollar for dollar costs of peaceful as opposed to military purposes, see Apartheid and the US southeast, Ch. 11; and Notes on Issues Relevant...attached)

B. An end to support for repressive governments like those in South Africa, Zaire and Morocco, coupled with support for the full liberation and development of Southern Africa (and, for that matter, Africa) could open new opportunities for beneficial trade based on expanded purchases of US machinery and equipment to meet African development needs in the context of mutually beneficial trade.

(For estimates of the mutual benefits of these kinds of

possibilities, see ch. 12 of Apartheid and the US southeast.)

# COUNTY BUSINESS PATTERNS—ARIZONA

