DIVESTMENT ORGANIZING HAVING IMPACT ON U.S. CORPORATE INVESTMENT IN SOUTH AFRICA

"In one respect at least, the divestment forces have already won. They have prevented--discouraged, dissuaded whatever you call it--billions of dollars of new U.S. investment in South Africa."

This admission by divestment foe John Chettle of the South Africa Foundation underscores the impact of organizing for South Africa-related divestment in this country. Whether institutions actually divest or not, the heightened level of protest has directly discouraged new investment in South Africa.

At the same time, a series of actual institutional divestments of corporate stock have increased the pressure to cut U.S. economic ties to South Africa:

I College and University Divestment Action

This academic year 17 colleges and universities took action to divest holdings in corporations and banks involved in South Africa--with five schools moving to totally end such holdings. Since 1977 52 schools have taken action that has led to a total of $193 million being divested with $49 million coming this academic year.

Ten divestment actions have taken place since the end of April when student protests escalated dramatically. This accelerated divestment trend clearly underscores the effectiveness of campus protests.

While 250 students were holding a campus rally, on April 26 the Dartmouth College Trustees voted to divest $2 million from two companies involved in South Africa. On May 8 at the California State University campus of Northridge, the Foundation Board moved unanimously to divest all $2.3 million in Northridge holdings linked to South Africa through U.S. corporations and banks. This action followed a march that day by 100 students into the Board meeting.

In May another total divestment policy, affecting $80,000, was enacted by the Stony Brook Foundation in the midst of a two-week building occupation by 200 students at this State University of New York (SUNY) campus. The full SUNY Board of Regents also voted for a $4 million partial divestment action which followed several protests at their meetings, including one that resulted in 27 arrests.

At the University of Iowa on June 4 near total divestment was achieved when the Trustees voted to sell $2.25 out of $2.50 million in South Africa related holdings including stock in IBM, Mobil, Texaco, General Motors and General Electric. The decision came in the wake of a building occupation in which 137 protesters were arrested. At another Iowa-based school, Grinnell College, the Trustees moved on May 3 for partial divestment that will affect $9 million in South Africa related holdings. This May, in its first ever divestment action, the Trustee Board at Georgetown University voted to sell $2 million in holdings. Most recently, partial divestment also took place at Iowa State University ($130,000), Hobart and William Smith Colleges ($650,000) and this June at Ohio State University.
University Divestment (cont.)

These recent divestment moves were preceded by enactment of total divestment policies at the City University of New York ($10 million affected, September 1984) and at two Washington State schools this year—Evergreen State College and Western Washington University. In addition, partial divestment actions were undertaken at Rutgers University ($7 million between February and April 1985), Harvard University ($1 million in early 1985), Yale University ($4.1 million in Fall 1984) and Brown University ($4.6 million in Fall 1984).

(SEE FULL LISTING OF SCHOOL ACTIONS ON P.4)

II Public Fund Divestments

In the past 18 months state and city-level divestments have affected hundreds of millions linked to South Africa through U.S. corporations and banks.

In 1984 binding divestment measures were passed in Nebraska, Maryland, New York City (affecting $665 million), Boston (most comprehensive in that includes Namibia linked investments), U.S. Virgin Islands, Amherst (MA), Rahway (NJ), Charlottesville (VA), Cuyohoga County (OH), Rockland County (NY) and Oakland.

The momentum has continued into this year and accelerated since the wave of student actions this spring. On April 30 the San Francisco Retirement Board voted 5-2 to divest $335 million in city pension funds from U.S. corporations and banks involved in South Africa. In late May, a state assembly committee then voted to bar new investments by the University of California retirement system in South Africa related holdings.

Earlier this year, the U.S. Conference of Mayors endorsed divestment legislation and on February 14 the Miami City Council passed a divestment bill covering all investments linked to South Africa and Namibia through U.S. firms. In Pittsburgh, following protests that led to the closing of a South African consulate, the city Pension Board voted in January to divest all $15 million in funds linked to South Africa.

This year there were also measures passed in Youngstown (OH), affecting bank deposits, and in New York City a bill was enacted to 1)restrict city purchases from companies involved in South Africa and 2)banning deposits in banks that lend to the South African Government. In May, Iowa also passed a partial divestment bill, and on April 30 the city of Burlington voted to totally divest its $1.8 million in South Africa linked pension holdings.

With passage of these latest bills 22 cities, 2 counties, and 6 states have now taken action to restrict South Africa related investments, mandating over $1.3 billion to be divested. In addition, another 20 states have bills under consideration this year.

The momentum of public fund and campus divestment played a critical role in the 295-127 vote by the U.S. House of Representatives in favor of the Gray/Solarz bill that would 1)bar new investment in South Africa 2)bar loans to the private and public sector in South Africa 3)ban importation of the Krugerrand 4)bar computer sales to the South African Government and 5)prohibit export of nuclear materials and technology.

Most critically, the years of anti-apartheid organizing have had an impact on actual U.S. corporate investment in South Africa:
III Impact On Actual Investment in South Africa

The divestment actions and protests have impacted directly on investment in South Africa in several key ways.

First of all, billions of new U.S. investment in South Africa have been prevented, as Chettle of the South Africa Foundation admitted. "The hassle factor has some relevance", says Ford Motor Company executive William Broderick.

Secondly, there has been an important shift in investment patterns that is detrimental to the maintenance of apartheid. As Dr. Ernie Van der Merwe of the South Africa Reserve Bank noted at the end of 1982:

"Under these pressures many institutions have begun to give preference to short and medium-term investments instead of those of a more permanent nature." (Between 1969-81 direct investments fell from 61% to 48% of foreign ties)

Third, the U.S. Commerce Department reported this year that U.S. direct private investment in South Africa had dropped more than 10%--down from $2.6 billion in 1981 to $2.3 billion in 1984. This trend could have major importance since it means that South African access to key technology from U.S. firms may become increasingly limited.

In this regard, since January 1985 nine firms have left South Africa, on top of the 30 that departed between 1980 and 1984 (while only 11 U.S. firms moved in during that time).

Latest to depart include Oak Industries, which sold a 350-employee electrical products plant; City Investing, which sold a 500-employee steel-drum and pail manufacturing plant; Blue Bell, which sold a 600 employee clothing factory; West-Point Pepperell, which sold its minority interest in a 92-employee textile plant; Perkin-Elmer which deals in scientific instruments; Opico which closed its sales office; and Pan American World Airways which ended twice weekly flights to Johannesburg.

In addition, Pepsico says it plans to sell its bottling plant, while International Harvester plans to sell its farm-equipment manufacturing operations this summer. Ford recently announced it was merging its 6,673-employee auto plant with a unit of Anglo-American Corporation, a South African conglomerate. Coca-Cola has sold part of its majority interest in a 4300 employee bottling plant and has agreed to relinquish majority control in two years.

Other firms, such as Phibro-Salomon, are reducing their South African holdings by not increasing capital spending or employment there--in effect pulling out through attrition.

The level of foreign holdings in South African firms has been dropping. Once control restrictions were lifted in 1984 wary foreign investors liquidated $3 billion in holdings—mostly through sales of South African mining stock and holdings in major companies like Premier Group, Rennies and Metal Box.

In addition, trade with South Africa has remained stagnant at $4.5 billion a year even with constructive engagement. In particular sales of the Krugerrand are down worldwide with the largest drop off coming in the United States where protests have targeted Krugerrand marketers across the country.

While these trends are worrisome to South Africa, there are some limitations to the pressure. Since 1981 lending by U.S. banks to the South African private (non-banking) sector has more than doubled ($495.2 million to $1.1 billion) and lending to South African banks has tripled from $1.08 billion to $3.5 billion as of late 1984. Since this money can be on-lent to the public sector, new U.S. bank policies against loans to the South African Government have little meaning.