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Breaking the Economic Links with Namibia's Exploiters: Divestment Action in the United States

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Divestment Action in the United States

More than fifty United States companies have investments, marketing outlets or franchise agreements in Namibia. For more than fifteen years activists in the U.S. have worked to break the economic links between the United States and South Africa. Attention is now being focused on Namibia because of the continued illegal occupation by South Africa, the failure of efforts for a settlement, and the recognition that U.S. investment supports the status quo.

Economic action takes a variety of forms. There is the divestment by individuals and institutions of holdings in U.S. corporations and banks that invest in Namibia or South Africa. There is the withdrawal of funds, the closing of accounts with banks that lend to South Africa. There are trade related actions such as those taken during Zimbabwe's struggle for independence when longshoremen refused to unload chrome from Rhodesia. Campaigns to build such economic actions are undertaken because it has been demonstrated over the years that they are a very effective way of organizing around South Africa in the United States.

The U.S. government has a policy of "constructive engagement" with South Africa. It refuses to carry out United Nations resolutions to isolate South Africa, to end South Africa's illegal occupation of Namibia or to protect Namibia's resources from foreign exploitation. Given this situation, action by private citizens, by churches, universities, trade unions and state and city governments becomes essential.

Since the achievement of independence by Zimbabwe most liberation support work relating to southern Africa has focused
Divestment on South Africa. This is obviously correct conceptually, for after all, the South African regime is the problem in Namibia as well as in South Africa itself. But it has often meant that the struggle for liberation inside Namibia is almost completely forgotten. It is in this context that we would urge greater specific mention of Namibia as work is done to cut the economic links which help keep the apartheid regime powerful.

There are those who argue that divestment is ineffective, but the South African authorities seem not to agree as they are mounting major efforts to counter divestment measures. Corporations are having to appoint special officers to deal with the issue, as the pressure for divestment can no longer be ignored. Just this year General Electric backed out of a major new investment in KwaZulu, South Africa, selling its share of prospecting rights there for $13.7 million. A G.E. vice president acknowledged that the company, which has headquarters in Connecticut, was swayed by political pressures. These included a decision this year by the Legislature of Connecticut to establish restrictions on investment of state money in companies with interests in South Africa.

Colleges and Universities

Since the mid-1960s but especially following the uprising that began in Soweto in 1976, students have launched South Africa related campaigns on hundreds of campuses around the country. Administrations and corporations have worked hard to defeat divestment demands and students in many cases have had to persist year after year. Since 1976 at least 33 colleges and universities have taken action to divest, either totally or partially, holdings in banks and corporations involved in South Africa. More than $100 million has been removed from these corporations and banks. Corporations operating in South Africa have been the major target but some of these corporations also operate in Namibia.
For example, the University of Massachusetts, in a total divestment action that began in 1977, sold its holdings in Newmont Mining, the largest owner of Tsumeb stock. Tsumeb is the largest and most important U.S. owned corporation in Namibia and the largest base metal producer in the country. In the most recent total divestment action the University of Maine sold its holdings in a number of corporations including Mobil Oil which distributes petroleum products in Namibia through its wholly-owned subsidiary Mobil Oil SWA (Pty) Ltd.

Church Actions

Churches in the United States have taken a variety of actions short of divestment to educate their members about South Africa and Namibia, and about the economic connections that link the United States to the apartheid regime. Through the Interfaith Center on Corporate Responsibility numerous share holder resolutions have been introduced asking, among other things, for the corporations to disclose the nature of their operations in South Africa. The most extensive campaign carried out by the churches in the U.S. has been to target Citibank, the largest lender to South Africa and the only U.S. bank with branch offices in South Africa. Among the actions taken, the American Lutheran Church withdrew $2 million in short term securities in 1980, the Catholic Archdiocese of Milwaukee sold $300,000 of Citicorp notes in 1981, and the Board of Global Ministries of the United Methodist Church voted in 1980 to sever all relations with Citibank closing 28 separate accounts with a total annual cash flow of over $57 million.

There is a small but growing number of national denominations which have moved further, some proceeding to full divestment and others considering divestment as an option to be exercised under certain conditions. The strongest steps have been taken by the
American Lutheran Church which voted in 1980 to totally divest in a prudent manner from all corporations doing business in South Africa. The United Methodist Church in the same year passed a similar resolution focused on banks that loan to South Africa or parastatal corporations of the government of South Africa. The Reformed Church in America and the American Friends Service Committee have also voted not to invest in firms profiting from apartheid.

Both the American Lutheran Church and the Lutheran Church in America have strong ties to the churches in Namibia and include concern for Namibia in their resolutions relating to South Africa. However, in neither case are U.S. corporations in Namibia mentioned in their divestment resolutions. A growing number of church members in these and other denominations believe that divestment from U.S. corporations that operate in Namibia must be undertaken.

Trade Union Actions

Trade unions in the United States have also been involved in economic action against South Africa. Among the unions that have taken a position against economic involvement in South Africa are the United Auto Workers, the Service Employees International Union; International Longshoremen and Warehousemen's Union; United Electrical Workers; District 1199 National Union of Hospital and Health Care Employees; Joint Fur Leather and Machine Workers Union of the United Food and Commercial Workers International, AFL-CIO; and District 31, United Steel Workers of America, AFL-CIO. Of special importance have been AFSCME public employee unions which have supported actions by state legislatures to prohibit the investment of public pension funds in corporations and banks operating in South Africa.
State and City Government Actions

This brings us to a major new development in divestment actions, those taken by state and city governments. Seventeen state legislatures and fourteen city governments have debated the issue of the investment of public money in banks and corporations that operate in South Africa. A variety of bills have been introduced. In some states a single piece of legislation prohibiting the investment of all state funds in banks and corporations operating in South Africa has been introduced. In other states several bills dealing separately with banks, pension funds, and education funds have been introduced. As with the universities and churches, concern about investment in Namibia needs to be introduced along with the concern about investment in South Africa. In two important cases this has already happened.

On June 17, 1982 Mayor William J. Green of Philadelphia signed into law a bill that the City Council had passed unanimously and Philadelphia became the first major American city to prohibit the investment of public pension funds in banks or corporations operating in South Africa or Namibia. The City Council of Philadelphia expressed concern about investments in companies doing business in South Africa and Namibia. As long as apartheid exists there will be instability and therefore neither Namibia nor South Africa has a safe climate for investment. Approximately $70 million of the $748 million pension fund will have to be divested. This is an excellent example of what can be done, and needs to be replicated in cities across the country.

Also in 1982, the Minnesota state legislature passed a bill that dealt with investment in Namibia as well as South Africa. The Minnesota action illustrates not a Philadelphia type success but
rather an example of opposition to this type of legislation. The bill declared that the investment policies of the state should reflect Minnesota law which protects individuals from discrimination. Both South Africa and Namibia have legally sanctioned policies of racial discrimination. Thus the legislature acted to prohibit future investment in corporations doing substantial business in South Africa and Namibia.

Not only did Governor Albert H. Quie veto the bill, but all Minnesota state senators received a letter in April signed by Dirk Mudge on behalf of the "Council of Ministers of the Government of Namibia." The letter read in part:

Namibia...desperately needs investments by U.S. companies and others as we move toward full independence and sovereign recognition. The Democratic Turnhalle Alliance (DTA), Namibia's governing majority political party, has abolished apartheid by law and has put in place a system of civil rights and equal opportunity laws equal to those in the United States.

We would hope that the Minnesota Senate will not punish the people of Namibia on the mistaken notion that they are helping us with respect to apartheid. We appreciate your concern, and hope for your cooperation.

A resolution by the Minnesota Senate encouraging tourism to and investment in Namibia would be much more helpful to us at this time. We believe in the free enterprise system, and we thank God every day for the great United States, its wonderful people, and its fine political leaders of both of your great political parties.

State Senator Allan Spear wrote a careful response to this letter refuting the claim that apartheid has been abolished in Namibia, and outlining in detail the legal status of the territory.
Copies of the letter were sent to all Democratic senators and key representatives in the state.

On October 8, 1982 Senator Spear received a letter from Marion Smoak whose law firm in Washington D.C. is legal counsel for the Council of Ministers of Namibia. Senator Spear's letter to Mudge had been referred to Smoak for reply. Smoak's letter deals with none of the substance of Spear's letter and repeats again that "the National Assembly of Namibia...totally abolished all apartheid in the country..."

Smoak must hope that people in Minnesota have little access to news from Namibia because Dirk Mudge is in political trouble there partly because his Council of Ministers has not been given authority by South Africa to eliminate apartheid.

The details of the Minnesota case are important because they demonstrate the high level of South African concern in the divestment issue. South Africa has hired an American firm to argue its position on Namibia, to win friends and influence people in high places. Although Marion Smoak may describe his firm as legal counsel for the Council of Ministers, he is registered with the United States Justice Department as an agent of the South African government's "Administrator General of the Territory of South West Africa/Namibia." This is the same law firm that has brought a civil action against SWAPO in U.S. District Court in Washington, claiming that SWAPO falsified its registration with the U.S. Justice Department. Discrediting SWAPO is a fundamental priority of South Africa. By the same token, the effort to defeat the divestment movement testifies to its effectiveness.

Recommendations

Divestment actions have a cumulative effect. In most of the states that have taken strong divestment action, students at
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colleges and universities in the state took action first. Every success can be used as an example by the next state or city taking up the issue. Of course every effort to dilute legislation, to use the Sullivan Principles, a code of conduct for U.S. business in South Africa, as a criteria for investment can serve as a negative precedent.

A first recommendation is thus to distribute as widely as possible information about the actions that have been taken and groups working on the issue need to coordinate their efforts. Such coordination has already begin in the U.S. The Coalition Against Investment in South Africa, CAISA, is made up of organizations including the American Committee on Africa, the American Friends Service Committee, the Campaign to Oppose Bank Loans to South Africa, Clergy and Laity Concerned, the Interfaith Center on Corporate Responsibility, TransAfrica, the United Methodist Church Office for the U.N. and the Washington Office on Africa. CAISA focuses on work around state and city actions.

A summary of all university and church actions as well as a newsletter of state and local action and a newsletter on university actions are available from the American Committee on Africa.

In the Minnesota case, detailed information on Namibia's history and current legal standing was needed to respond to the appeal from the Council of Ministers of Namibia. One of the very important roles that can be played by activist groups is to supply information to the actors: the elected officials, the university trustees, the church officials who must make the case for divestment in their respective institutions.

Another urgent recommendation is that Namibia be included in all divestment work. The study, *Namibia's Stolen Wealth: North American Investment and South African Occupation* is a new
resource which will help in this process. The pamphlet includes profiles of both Canadian and American corporations involved in Namibia. This information is set in the context of the history, and social, economic and political situation in the territory, including information about the growth of SWAPO and the struggle for independence. It gives activists the basic information needed for a Namibia related campaign.

But further research is also needed, especially on the ownership of corporations involved in Namibia. Institutional investors—churches, universities, trade unions, and even state and local governments—have portfolios that are managed by specialists. In the U.S. these managers of stock are required by law to report quarterly to the Securities and Exchange Commission any holdings they handle worth more than $100 million. Owners of 5 percent or more of stock in a company must report to the SEC as must all corporate board members and officers. The information is available, and the research needs to be done.

Then there is the matter of trade. With increased mobilization of trade unions a campaign could be launched to stop exports to Namibia and imports from Namibia. A first step for such a campaign is research on what is being imported and exported. The Council for Namibia already makes available excellent materials and information and could be asked to provide this and other needed research.

**Conclusion**

Recently, Anglo American Corporation of South Africa bought about 10 million shares of De Beers Consolidated Mines, raising its stake in the company to about 34 percent from 31 percent. De Beers owns Namibia's Consolidated Diamond Mines which produce nearly a quarter of the world's gem diamonds annually. Anglo American,
which has just increased its stake in De Beers, is the largest
company in South Africa and a dominant influence in the economy
of the whole of southern Africa. In 1980 and again in 1981, Anglo
American was the largest foreign investor in the United States with
more than 100 investments in the United States and Canada.

I mention CDM's ownership by De Beers which in turn is part
of Anglo American which has become the largest foreign investor
in the United States for two reasons. It illustrates the difficulty
of finding easy uncomplicated handles to grasp when we try to
focus on Namibia. It also illustrates the very powerful connec-
tions, with political as well as economic implications, that exist
between Namibia, South Africa, and the United States.

These connections underline the importance to us of the
meeting here this week. With more research uncovering more in-
formation, with the energy generated by this seminar and the con-
ferences around the country that will follow, Namibia can cease
to be a place little known to most Americans. Instead it can be-
come a central agenda item for all opponents of apartheid. Di-
vestment from corporations and banks operating in Namibia is as
important as divestment from those in South Africa. Let us take
up these actions and support the struggle of the Namibian people,
a struggle expressed here by the Namibian poet Issiek A. Zimba:

March on Namibian children
march on to Windhoek,
for this is the only time to strike
hard, to strike a blow and fight
for the beloved country.

The struggle should continue,
for, not later than now, a wave
of freedom and justice will
roll across Namibia.