The issue of the responsible investment of public funds, state and city, is growing across the United States. About a dozen states and ten cities have considered legislation which in different ways prohibits or limits investments in corporations and banks that operate in South Africa. These actions have been brought forward by legislators who are backed by a diversified constituency that opposes apartheid.

A summary of this legislative action is given below. Before the cities and states acted, however, the issue of economic support for apartheid was raised through campaigns in the universities, black activist associations, churches, trade unions, and other social groups. The issue was raised in a variety of forms including actions against the sale of Krugerrands, stock holder actions and actions against bank loans to South Africa. Included in the summary are some non-legislative actions which directly or indirectly helped build momentum for successful state and city campaigns. Although these actions were not related to specific bills, they contributed to the climate for divestment.

CALIFORNIA

STATE: Two years ago, Assemblyman Willie Brown, now newly elected Speaker of the Assembly, introduced legislation which called on the U.S. Government to prohibit corporate deductions of credit stemming from taxes paid to the S.A. Government by U.S. corporations operating in South Africa. The bill died on the floor because the corporations were able to argue that constitutionally the state cannot legislate on foreign policy and this would be such legislation.

In 1979 and 1980, Assemblywoman Teresa Hughes of Los Angeles succeeded in getting a resolution passed in the Assembly requesting California citizens not to buy Krugerrands. The State Senate did not support these initiatives.

House Speaker Brown is still concerned about South Africa and new action may be taken after the Public Investment Task Force, created in 1980 by the governor, makes its preliminary report in 1981. It is reported that the Task Force favors recommending investments other than those in South Africa or the nuclear industry.

Governor Brown has called on the Public Employee Retirement System to become more socially responsible and to evaluate corporate performance in relation to South Africa. He has supported share holder resolutions and is on record to support a policy which would deny the investment of state funds to corporations which refuse to take into consideration socially responsible policies.

CITIES: Berkeley: On April 17, 1979, the citizens of Berkeley overwhelmingly approved a referendum mandating the removal of public monies (with the exception of pension, deferred compensation and other employee benefit funds) from banks and other financial institutions doing business in or with South Africa. Approximately $4.5 million was involved.

On May 1, 1980, the Citizens Committee on Responsible Investment which had been created to carry out the referendum mandate, submitted its 45 page report. Details of how to divest from banks which loan to South Africa, and alternative investment plans which include the creation of jobs, improvement of housing and enhancement of business opportunities are included in the report.

Cotati: In 1978, the city of Cotati divested money from banks and corporations that operate in South Africa. About $350,000 was involved.
Davis: In 1978, the citizens of Davis passed a non-binding referendum which called on the City of Davis, the University of California, the State Treasurer, and the Public Employee Retirement System to divest from banks and corporations doing business in South Africa. The resolution set up a task force to study how divestment could be carried out and called for investments which would contribute to solving the problems of unemployment, hunger, housing, crime, education, energy, and the environment in The State of California.

In 1980, the city council passed an investment policy which prohibits investment in any corporation which directly or indirectly discriminates on the basis of race, religion, color, creed, national or ethnic origin, age, sex, sexual preference or physical disability. Guidelines to carry out this policy were also passed. They include making no further investments in banks doing business with South Africa.

OTHER ACTIONS: At least twenty of the sixty some auxiliaries of the California State University and College system have either divested or set up social responsibility criteria for investment. In July 1980, the Board of Control of the Associated Students of UCLA voted to divest more than $25 million in student funds from banks with operations or investment in South Africa.

CONNECTICUT:

STATE: In 1980, Representative William R. Dyson of New Haven introduced a bill which went on to pass both houses in amended form and be signed into law. The bill authorizes the state treasurer to ensure that no monies are invested in corporations doing business in South Africa, if the corporations have not signed the Sullivan Principles. Inclusion of the Sullivan Principles as a criteria means that fewer than ten of the total number of companies in the state's portfolio will be affected, and only a small fraction of the total $186 million invested in companies in South Africa would be divested.

Representative Dyson and the Connecticut Anti-Apartheid Committee which has been very active on the issue, are critical of the Sullivan Principles. Dyson intends to introduce new legislation in 1981 that would remove the Sullivan Principles as a criteria.

CITIES: Hartford: In 1980, the City of Hartford passed a statute similar to the state's, prohibiting the investment of city pension funds in corporations operating in South Africa which have not signed the Sullivan Principles.

OTHER ACTIONS: In March, 1980, the Hartford city workers union, Local 1716 of the American Federation of State, County, and Municipal Employees voted in support of the city council action, as did the state teachers union in relation to the State action. In April, 1979, Yale University withdrew $1.6 million from Morgan Guaranty Trust because of its policy of lending to South Africa.

ILLINOIS

STATE: House Bill 1256 was introduced in 1979. It would have prevented the deposit of state monies in banks making loans to persons or firms doing business in or with South Africa. The bill would have affected some $150 million in the First National Bank of Chicago, and Continental Illinois National Bank and Trust. The bill did not get a sympathetic hearing, but Representative Carol Moseley Braun will reintroduce the bill in 1981 to keep the issue alive. According to Rep. Braun the state treasurer could do what needs to be done legally, but says he can't practically because of the power of the banks.

In the fall of 1980 the Small Business Conference which is made up of minority entrepreneurs, called on states to refrain from using banks that loan to South Africa. Far more of this kind of action is necessary before the state legislature can be expected to act positively.

INDIANA

CITIES: Gary: In December, 1975, the city council passed a resolution calling on the city to cease doing business with four corporations that support apartheid by their practices in South Africa. The corporations were IBM, ITT, Motorola, and Control Data. This was the first time in the United States that a city council passed a concrete resolution against support for apartheid.
STATE: Concern about involvement with South Africa began in 1977 when the State Senate passed a resolution that encouraged corporations licensed in the state to end their business involvement in South Africa. In 1979, a law banning new investment of pension funds in corporations and banks which deal in South Africa was passed. In 1980, a further step was taken when Senate Bill 1316 was introduced by Jack H. Backman and Mel King. This bill required the selling of $90 million previously invested through the teachers and public employees pension fund. After January 1, 1981, no funds could be invested in any financial institution that makes loans to the South African Government. Further, no funds could remain invested in any company which either has 500 or more employees in South Africa or investments of $10 million or more in South Africa. This bill passed both the House and the Senate, having important support both within and without the legislature. The public employees union backed it, and since it was their money that was being discussed their support was essential. However, the bill was stalled in the Committee of the Third Reading.

A slightly different bill will be introduced in 1981. It calls for the end of investment of public pension funds in banks that loan to the government of South Africa or to U.S. companies there, and the end of investment in companies doing business in South Africa. Any proceeds from sales required by the bill are to be invested as much as possible in institutions or companies which invest or conduct business in Massachusetts.

CITIES: Cambridge: On November 6, 1979, the citizens of Cambridge voted overwhelmingly to advise the city government not to invest monies in banks and other financial institutions doing business in or with the Republic of South Africa. In February, 1980, the Cambridge Retirement Board announced that it would invest no further money in corporations presently in its portfolio that do business with South Africa nor would it make new investments in any company doing business in South Africa.

OTHER ACTIONS: A number of universities and colleges in Massachusetts have broken the economic links with companies in South Africa. In October, 1977, the trustees of the University of Massachusetts, Amherst, voted for full divestment of $620,000 from corporations operating in South Africa. Partial divestment actions were taken later by Amherst College which sold $1 million worth of stock in Blue Bell Inc. in March, 1978. Boston University divested approximately $5 million worth of non-voting shares in ten corporations in April, 1979; Harvard University withdrew $600,000 from Citicorp and Manufacturers Hanover Trust Co. in February, 1978, and in November, 1977, Smith College sold $687,728 worth of stock in Firestone Tire and Rubber Co.

STATE: In 1978, the State of Michigan passed a resolution condemning South Africa and urging the Congress of the United States and the President to impose sanctions against the South African government.

In 1980, three bills concerned with South Africa were introduced. House Bill 5446 sponsored by Representative Virgil Smith of Detroit and Co-sponsored by Perry Bullard of Ann Arbor, was the only one to become law in 1980. It prohibits the deposit of state funds in banks that make loans to South Africa, to national corporations of South Africa, or to U.S. firms operating in South Africa, giving the banks until 1982 to conform to this requirement.

A second bill would require state educational institutions to sell investments in companies operating in South Africa. This bill will be introduced in the 1981 session. The third bill requiring pension funds to be divested from companies operating in South Africa has met the most opposition and is not likely to be reintroduced.

CITIES: East Lansing: On August 3 1977, the city council passed a resolution authorizing to the extent applicable by law selective purchasing, favoring suppliers of goods and services who do not have investments, licenses, or operations in South Africa. A statement to this effect, signed by the mayor, was to be attached to all invoices and bids.

OTHER ACTIONS: Among the actions taken by universities in Michigan are the following: In December, 1978, Michigan State University voted for full divestment involving $7.5 million, to be carried out gradually. A year later MSU trustees reported that the divestiture program had been completed and that as a result, MSU had come out almost $1 million ahead. In November, 1980, the board of Regents of Eastern Michigan University met student demands by approving a policy which bans investment of funds from banks which make loans to the Republic of South Africa.

The Reformed Church in America which has a strong constituency in Michigan completed a thorough study of the divestment question in 1980. They concluded that if the corporations with which they did business refused to end their activities in South Africa, then the Reformed Church should withdraw its investments from those companies.
MINNESOTA

STATE: In 1979, a bill was introduced by Senator Allan Spear and hearings were held in 1980. The bill would have required the state to sell all investments in U.S. corporations doing business in South Africa if state human rights laws were violated. The bill failed to gain support, but will be reintroduced, perhaps in a different form, in 1981. There is concern in Minnesota to link the issue of investment in South Africa to the broader one of socially responsible investment in the states.

CITIES: Minneapolis: On April 7, 1977, the city council passed a resolution expressing shock at the treatment of blacks in South Africa and urging the United States to use all diplomatic and economic means to support the attainment of equal rights and majority rule by blacks. The resolution further expressed opposition to any U.S. delivery of military supplies to South Africa.

Duluth: In February, 1980, the city of Duluth passed a resolution which urged its citizens not to buy Krugerrands and expressed opposition to the racial policy known as apartheid.

OTHER ACTIONS: Minneapolis hosted the national convention of the American Lutheran Church (ALC) in October, 1980. The ALC has its headquarters there. The 1,000 delegates overwhelmingly voted to divest $20 million invested in U.S. corporations operating in South Africa. This action came after the Lutheran Coalition on South Africa, a grassroots movement within the church, had introduced and passed a similar resolution in about half of the ALC’s 18 districts.

NEBRASKA

STATE: On March 31, 1980 the state legislature passed Legislative Resolution 43 which was introduced by State Senator Ernie Chambers. The resolution calls on the Nebraska Investment Council to review the list of corporations and banks which invest in South Africa and remove them from the approved list for investment of Nebraska Trust Funds. Approximately $22,560,000 of state funds are currently invested in U.S. corporations that operate in South Africa.

NEW YORK

STATE: In 1977, State Assemblyman Albert Vann introduced a bill in the assembly that would restrict the state government from doing business with corporations that are in South Africa. The state labor and finance laws would have been amended to grant preference in letting of state contracts to companies which do not operate in South Africa. The bill would also have established a New York state job retention and anti-apartheid board to monitor state contracts. Hearings were held but the bill failed to become law.

In 1980, Assemblyman Herman Farrell Jr., Chairperson of the Committee on Banks, introduced a resolution in the New York Assembly which urged that public monies be removed from banks which extend direct credit or make loans to the government of South Africa. The resolution also called for the Superintendent of Banks to examine present policies and practices of banking institutions in New York as they relate to South Africa so that future public debate of the issue could be fully informed. An identical resolution was passed by the Senate. The resolution was not acted upon in 1980, and will be reintroduced in 1981.

CITIES: New York City: In 1977, the New York City Council unanimously passed a resolution calling on the governor, mayor, and all businesses, persons, and individuals not to do business with white South Africa and to cancel any and all contracts with that government. Manhattan Borough President Percy Sutton initiated the action.

OTHER ACTIONS: In March, 1980, the National Council of Churches, the Board of Global Ministries of the United Methodist Church, and Union Theological Seminary jointly announced the withdrawal of over $65 million in accounts with Citibank. Numerous other church investors pledged not to purchase any Citibank bonds or certificates of deposits because of the bank’s involvement in South Africa.

OHIO

STATE: In the fall of 1979, Representative C.J. McLin Jr. of Dayton introduced House Bill 801. The bill would
have prohibited the investment of state pension funds and state university endowment funds in corporations which have a presence in South Africa. Hearings were held, but the bill failed to gain support.

OTHER ACTION: In January, 1978, the University of Ohio divested $38,000.

OREGON

STATE: In 1979, Senate Bill 957 was introduced. It would have prohibited investment in any company which practices or condones discrimination on the basis of race, religion, color, creed, or sex. The bill was introduced too late in the session to gain support and an altered version will be introduced in January, 1981. People For Southern African Freedom have been the main backers of this bill and have held a statewide conference to win support. An organization, Oregonians for Responsible State Investment, has been formed and the concern about South Africa will be linked to questions of responsible investment in the state. Exclusion of specific mention of South Africa in the bill is intentional, resulting from a concern over states being involved in foreign policy questions.

OTHER ACTION: In November, 1977, the Oregon Board of Higher Education voted to sell its holdings in 27 companies that had "substantial" business in South Africa, Namibia, and Rhodesia. No further investments would be made in any company which operated in those countries if the company employed more than 500 persons, earned more than $500,000 from business operations there, or had investments in those countries that exceeded $500,000 in fixed assets or loan portfolios. It was estimated that one half of nearly $6 million of the board's holdings would have had to be sold. However, the action was never implemented because the question of the board's right to take this action has resulted in a long court case.

WISCONSIN

STATE: In 1977, Joint Resolution 74 was introduced in the State Assembly, requesting the board of regents of the University of Wisconsin system to immediately sell all of the system's investments in firms doing business in South Africa. The resolution failed to pass. However, the Attorney General of Wisconsin ruled that already existing law prohibiting the investment in companies that practice or condone racial discrimination could apply to companies operating in South Africa, and the regents eventually did divest. Over $11 million was involved, and after two years, the head of the investment advisors concluded that the university's portfolio had been reconstructed with no ill-effects.

CITIES: Madison: In December, 1976, the city passed a bill establishing the principle of selective purchasing. The city was required to make public the corporations with which it had contracts and to seek contracts with firms that were not in South Africa. Being in South Africa was an enforceable reason for ending contracts.

WASHINGTON D.C.

In 1975 a resolution was introduced in the city council of the District of Columbia to cease all business with Control Data, IBM, ITT, and Motorola because of their presence in South Africa. The resolution was not legally binding, but the intention was that moral and political pressure would nudge the city purchasing agents to curtail business with the four corporations.