PUBLIC INVESTMENT AND SOUTH AFRICA • (212)962-1210

The American Committee on Africa • 198 Broadway • N.Y., N.Y. • 10038

Dear Friends:

At the beginning of the year, I had modest expectations about legislation on public investment and South Africa primarily because this is an election year. Many legislators were preparing to run campaigns in new districts and therefore unable to devote undivided attention to divestment legislation.

In fact, this has been the most successful year for the introduction of divestment bills. For the first time, a comprehensive bill was passed as nine states, two cities and a county debated divestment laws.

The year started with the Michigan House Committee on Civil Rights holding hearings on a bill that would prohibit investment of state education funds in corporations that operate in South Africa. Gail Hovey, ACOA Research Director was one of the people who testified in favor of the bill. The Committee voted unanimously for passage of this legislation. In February the Connecticut Governor's Task Force on Investments asked Jennifer Davis, ACOA Executive Director to counter objections to divestment legislation mounted by corporations and their defenders.

Hearings were held in a number of states and cities and speakers fmm the African National Congress, TransAfrica, the Washington Office on Africa, the Campaign to Oppose Bank Loans to South Africa, and the American Friends Service Committee, as well as ACOA, testified. Jerry Herman, director, Southern Africa Project for AFSC organized a delegation to Colorado and Texas, two states where action on divestment legislation is beginning. I joined the delegation in Texas and visited San Antonio, Dallas, Austin and Houston. As a result of this trip, a bill is to be introduced in the Dallas City Council in the fall. In Houston, the newly formed Southern Africa Task Force commemorated June 16, the anniversary of the 1976 uprisings in Soweto, and Judge William Booth, ACOA President, was the keynote speaker.

By the end of June when most legislatures adjourned for the elections, we had had a record year. The details are in the enclosed newsletter.

As the newsletter was about to be printed, we heard that Kentucky had sent a trade mission to South Africa on an "active campaign to promote trade." When I talked to Senator Georgina Powers, she told me nobody in Kentucky knew about the trip. "I will fight the creation of ties between Kentucky and South Africa," she promised.

Two years ago, another "trade mission" for Wisconsin legislators backfired when some of them came back critical of apartheid.

It is difficult for us to be sure we have covered all the action in this newsletter. Please send us any information we missed in the enclosed envelope. You can also order additional copies of this newsletter and resource material by filling out the coupon on the back page.

Have a terrific vacation and for those who are running for reelection I can only ask that you come back with even more allies for our struggle.

Sincerely,

July 7, 1982

Dumisani Kumalo
Projects Director

PUBLIC INVESTMENT AND SOUTH AFRICA

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NEWSLETTER

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Important progress has been made this year in the legislative campaign against the investment of public funds in banks and corporations dealing with South Africa. A record number of nine states, two major cities and a county, introduced divestment bills. The states were California, Connecticut, Kansas, Maryland, Massachussetts, Michigan, Minnesota, New York and Wisconsin, the cities Philadelphia and the City of New York and the county was Multnomah in Oregon.

As June ended one city and one state were newly committed to immediately divesting major funds from corporations operating in South Africa, and at least one more state, Massachusetts seemed poised to follow suit.

PHILADELPHIA: The first major American city has adopted strong divestment legislation. Mayor William Green signed into law ordinance 1060 on June 17th after the unanimous vote of the fourteen member city council two weeks before that. The measure requires the city board of pensions to divest within two years holdings in any U.S. corporation doing business in South Africa or Namibia. It was introduced by Democratic Councilman John Street and adopted with strong support from Republican Joan Spector. It is estimated that up to $70 million of the city's $748 million pension fund will be affected.

Hearings on the bill were held April 5. Among those testifying in support were a representative of the African National Congress, Carole Collins of the Campaign to Oppose Bank Loans to South Africa, (COBLSA), Jerry Herman from the American Friends Service Committee, Gail Hovey from the American Committee on Africa and Robert Schwartz from Shearson/American Express.

This action by a major American city is especially important because Philadelphia is the home of Leon Sullivan, author of the "Sullivan Principles," a code of conduct for U.S. businesses operating in South Africa. The legislation is a clear cut rejection of the use of the "Sullivan Principles" as a criteria for investment.

CONNECTICUT: The history of the struggle to achieve divestment in the state of Connecticut illustrates well what is required for a successful state campaign. In 1978, the Connecticut Anti-Apartheid Committee was formed; it included trade unions, civil rights organizations and other grassroot movements. In 1980, Representative William Dyson introduced a bill aimed at divesting $200 million in state pension funds invested in banks and corporations dealing with South Africa. Rep. Dyson's bill was passed with an amendment that required the state treasurer to sell stocks and bonds only in those corporations that had not signed the so-called "Sullivan Principles," a voluntary "code of conduct" signed by 140 of the 350 U.S. corporations dealing with South Africa.

In 1981 a divestment bill was introduced and passed by both houses which removed the Sullivan Principles as a criteria for investment because the Anti-Apartheid Committee successfully argued that the Principles were meaningless and ineffective as a means of ending apartheid. However, because of corporate pressure Governor William O'Neill vetoed the bill on July 20, 1981. He then appointed a Task Force made up of legislators, corporate executives, trade unionists and civil rights activists to study the issue. Two members of the Anti-Apartheid Committee served on the Task Force as representatives of the Connecticut State AFL-CIO and a UAW local.

After intense hearings and negotiations, the Task Force recommended that the state divest from companies that have not effectively met the most demanding of the Sullivan Principles standards, that make sales of strategic products or services to the South African government, police, and military, and from companies which are opposed to trade union rights for black workers. On April 22, 1982, the Connecticut legislature attached the Task Force recommendations to a bill which the Assembly supported by a margin of 121-20 and the Senate by 27-8. In spite of an 18 foot telegram from the South African Ambassador calling on him not to support the measure, Gov. O'Neill signed the bill into law on June 12. The Connecticut Anti-Apartheid Committee estimates that seventy million dollars will be affected immediately because of corporation sales to the South African government. The corporations involved include IBM ($22 million), Xerox, Control Data, Ford, and General Motors. Thirteen million will have to be removed from banks, including Citibank.

On the day that Gov. O'Neill announced that he would sign the bill into law, the Connecticut Anti-Apartheid Committee issued a statement reaffirming its commitment to a complete divestment of public funds in banks and corporations dealing with South Africa. The statement continued: "While clearly short of total divestment, it is our position that these recommendations together are a meaningful step towards limiting corporate support for apartheid. The recommendations also target the companies which sell strategic products to the military and the government of South Africa, those companies which are most directly assisting in the white minority government's administration of apartheid." For a full report on the campaign, write ACOA for "Legislative Action Against Apartheid: a Case Study of the Connecticut Campaign." Bulk copies can be ordered on the return coupon on the back page of this newsletter.

MINNESOTA: In 1981, Minnesota dealt with a divestment bill for the first time when Senator Allan Spear introduced legislation aimed at the state's estimated $750 million invested in banks and corporations operating in South Africa. The bill was co-sponsored by Representatives Karen Clark, Randy Staten and others. Supporters of the Spear bill formed themselves into the Minnesota Anti-Apartheid Legislative Support Coalition and began lobbying and testifying in favor of the legislation. Because of strong opposition from the State Board of Investments, Senator Spear amended the bill to deal only with future investment of state funds in banks lending to South Africa. This modified version did not draw the opposition of the Minnesota State Board and was passed by the full legislature.

However, on March 22, 1982 Governor Albert H. Quie vetoed the bill. In doing so he stated that a number of investment community individuals had "expressed concern about any legislation which would reduce the Board's investment flexibility." He further claimed that the Board had already demonstrated its "commitment to promoting corporate social responsibility" by voting its proxies in companies that invest in South Africa. Governor Quie failed to tell the legislators that the Board had never initiated any shareholder resolutions nor sent anyone to testify in support of its proxy votes. Senator Spear plans to re-introduce the same bill next year.

KANSAS: The state had its first divestment legislation this year when Representative Norman Justice introduced a bill calling on the Board of Trustees of the Kansas Public Employee Retirement System and the Pooled Money Investment Board to divest $70 million from banks and corporations dealing with South Africa. The House Pensions and Investment Committee held hearings. Rep. Justice testified, and called on the Kansas University Committee on South Africa and Eric Gumbi, a South African living in Kansas to testify as well. After the hearings, it became clear that the Kansas legislature was not ready for a divestment bill. Rep. Justice changed the bill to a resolution which has no binding force but which is very explicit about its intention.

Shortly before the legislature voted on the resolution, several press reports exposing aspects of South Africa today helped Rep. Justice build his case for divestment. On April 2, the Wichita Eagle published an editorial calling on the U.S. to tighten trade restrictions with South Africa because, said the newspaper, "proposals by the Botha regime to clamp down on the already restricted South African press, along with the current death of a trade union official while in police custody proved that repression was far from being a thing of the past." The paper also noted that the boosting of the military service requirement up to the age of 60 for white males sent a signal that peace with neighboring African nations was probably not close at hand. On the eve of the Kansas vote on April 11, the CBS News program 60 Minutes did a story about the plight of David Kitson, a white political prisoner serving a sentence of 20 years in South Africa for opposing apartheid. Rep. Justice said that these two stories had helped inform some of the legislators about apartheid South Africa. When the resolution came for a vote on April 13, both the Assembly and Senate passed it by a unanimous voice vote. Rep. Justice plans to reintroduce the measure again next year in the form of a bill.

OREGON: The state had its first victory when the Multnomah County Commission, which includes Portland, voted unanimously on April 1 for a resolution calling on the state to divest $200 million of the Public Employees Retirement System funds. The State manages county employee pension funds. The resolution criticised the Sullivan Principles as a criteria for continued investment because "these principles have no effect on the basic injustices of the total system of apartheid and have been reassessed and found to be severely limited in scope and impeded in application."

In 1979 a divestment bill was introduced in the state legislature but failed after Clay Myers, the State Treasurer, vigorously opposed it. In March this year Mr. Myers travelled to South Africa and has now indicated that he would not be opposed to a state bill prohibiting the investment of state funds in banks lending to South Africa. Oregon is on a bi-annual legislative schedule and the next session will be in 1983. The Multnomah County resolution has already created a base for action that the state legislature may take.

CALIFORNIA: On April 27, the State Assembly Finance, Insurance and Commerce Committee held hearings on a bill introduced by Assemblywoman Maxine Waters which called for the divestment of $5 billion in pension and state funds invested in banks and corporations dealing with South Africa. Among those who testified in support of the bill were Randall Robinson, TransAfrica; Alice Lyttle, Secretary, State and Consumer Service Agency, the office that oversees the two state retirement systems, the Public Employees Retirement System (PERS) and the State Teachers Retirement System (STRS); John Henning, Secretary-Treasurer, California Labor Federation of the AFL-CIO; Art Jordan, Black Advocates and State Services (BASS), an association of black state employees; and a representative of the California Students Association. They were opposed by the California Bankers Association, California Chamber of Commerce, the California Manufacturers Association, the managers of both PERS and STRS, and a representative of Caterpillar, one of the U.S. corporations in South Africa. On May 25 the Assembly Committee voted 4-15 against the bill.

This is the first year the legislature has seriously considered such legislation, and the vote, a reflection of the heavy business opposition, underscores the importance of coordinated grassroots lobbying in the future.

MARYLAND: On March 18, the House Appropriations Committee held hearings on three similar divestment bills. Among those testifying in support were Carole Collins, COBLSA; Jerry Herman, American Friends Service Committee; Mark Wenner, TransAfrica; Edgar Lockwood, DC Bank Campaign; and a member of the African National Congress. Delegate Walter Dean, who introduced one of the bills, said the Committee needed to hear more testimony from local grassroot organizations.

Delegate Dean said that he was going to take the issue back to the voters and generate more testimony before the Committee takes its vote. The bills are still pending.

MASSACHUSETTS: On March 31, Mass Divest, a coalition of different groups that include trade unions, churches, students and other grassroot organizations, lobbied the legislature for the passage of a bill aimed at divesting $120 million of pension funds invested in banks and companies dealing with South Africa. For the past two years, the same bill has been introduced by Senator Jack Backman but each time it was not acted upon as the

legislature ran out of time. This year, Dick Clapp of Mass Divest reports that the bill is being heard much earlier because of elections in November. The House has passed the bill and the Senate Public Service Committee voted unanimously for passage. It is now awaiting a second vote in the full Senate, having passed a preliminary voice vote. In addition to the general support mobilized for the bill the Sisters of Notre Dame helped coordinate a strong Catholic lobby on behalf of the bill and have had quite an impact on some of the legislators. In June supporters believed that 1982 might be the year in which victory was achieved for the passage of a full Massachussetts divestment bill.

MICHIGAN: In May the House voted 75-25 for a bill prohibiting public educational institutions from investing funds in banks and corporations dealing with South Africa. It was introduced by Rep. Perry Bullard. This bill comes at a time in Michigan when major universities like Michigan State and Eastern Michigan have already voted for divestment. However the University of Michigan, the biggest state institution, is against divestment, and if passed, this bill will effectively force it to take action. Last year Rep. Bullard introduced legislation that prohibited the investment of state funds in banks lending to South Africa and it was passed and signed into law by Governor William Miliken. The broader education bill is now before the Senate which is expected to join the House in voting for passage. There is a third bill pending before the Michigan legislature dealing with the investment of pension funds. It was introduced by Rep. Virgil Smith, but no action has yet been taken on it.

NEW YORK: On April 20, the State Assembly voted 121-6 for a bill requiring banks to file a disclosure statement with the Superintendent of Banks about loans made to South Africa. It was introduced by Assemblyman Herman Farrell, chairman of the Banking Committee. The bill is now before the State Senate. If it becomes law, it will allow the public to know how much money leaves New York for South Africa in bank loans. Meanwhile, in the New York City Council, Councilwoman Ruth Messinger introduced a resolution calling for the divestment of $400 million in city pension funds. Hearings on this resolution will be held in the fall.

WISCONSIN: In August 1981, Rep. Marcia Coggs introduced a divestment bill in the State Assembly Committee on Aging, Women, and Minorities. It was co-sponsored by 50 members of the legislature who make up one third of the body. Over 40 witnesses testified, including trade unionists, academics, church leaders and local activists. The Committee passed the bill by a vote of 5-4. This year, the bill came before the full legislature. Before any action could be taken, the governor instructed the legislative council to prepare an Investment Policy Procedure Study to look into the cost of divestment and to suggest alternative investments for the state. The study will be presented to the governor and the full legislature before the end of 1982.

Three major lessonshave emerged so far from the 1982 campaigns.

I. A legislator, however committed, can rarely win the battle single handed. Bills have gone furthest in states where they have been strongly supported by an active anti-apartheid coalition, which has, in turn built a united front with other community groups and particularly with trade unions concerned about investment of their pension funds.

II. Lobbying for and obtaining passage of a divestment bill is not a two week action. Groups have to be prepared to commit themselves for a long haul, often going back to their legislative allies several years in a row.

III. Anti-apartheid activists have to learn new skills as they campaign. To win a legislative victory requires an understanding of local politics and of legislative process. It will often require considerable knowledge not only about apartheid, and the struggle for liberation, but also solid expertise about alternative investments.

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_____"South Africa: Questions and Answers on Divestment" by Gail Hovey, Africa Fund, 4pp. 30¢ each. Over twenty, 15¢ each.

_____"Black Unions in South Africa" by Sandy Boyer, Africa Fund, 8pp. 60¢ each. Over twenty, 30¢ each.

_____"Anglo American Corporation of South Africa Ltd.: Investments In North America" by Ruth Kaplan, Africa Fund, 36pp. Institutions: $25.00. Individuals: $5.00.

_____"Divesting from South Africa: A Prudent Approach for Pension Funds," Conference on Alternative State and Local Policies, 60pp. $5.95.

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