PUBLIC INVESTMENT AND SOUTH AFRICA

Dear Friends:

April 1983

Great News!!!!

Legislation dealing with public investment in South Africa has passed or is under consideration in 24 states, the District of Columbia and 19 cities. In New York City, discussions have begun with political and labor leaders over possible divestment of an estimated $1 billion in public employee funds. Meanwhile, the South African government has increased its lobbying against divestment while editorials in government owned newspapers are urging the goverment to employ dirty tricks and illegal campaigns to fight divestment. This is to return to the practices exposed in the Muldergate scandal of several years ago when more than $100 million was spent to buy influence in the United States.

Recently I testified before the Washington DC City Council where Councilman John Ray has introduced divestment legislation. At least $180 million in city pension funds will be affected. This bill has already drawn the ire of the conservatives in Congress who are bracing for a big fight when this bill comes before them. Congress still has veto power over measures passed by the DC City Council.

As you may recall, most of the bills have been introduced since our national legislative conference held in New York on June 11-12, 1981, which was attended by legislators, activists, trade unionists, church leaders and investment specialists. On April 15 and 16 there will be another legislative conference in Boston, where the Massachusetts legislature passed a landmark bill divesting pension funds from banks and corporations in South Africa. Details about the conference should reach you in the next few days.

As this newsletter was going to the printers, we were getting calls from city and state legislators who are either drafting bills or introducing them. It is possible that we may have left your city, county or state out of this newsletter. Please write to me about what is happening in your place and send it in the post-paid self-addressed envelope we have attached. Also order your copy of the detailed summary of state and municipal action in advance.

Sincerely,

Dumisani Kumalo
Projects Director

P.S. I enclose 3 articles of interest. A December 6 article from the South African Rand Daily Mail indicates the growing impact the divestment movement is having on cutting off the flow in investments to South Africa. The article of January 19, 1982 from South Africa's Cape Times contains an incisive criticism of the Sullivan Principles made by black workers at Ford, South Africa. The third is a review of the divestment campaign carried in the March issue of Public Employee, the national newspaper of AFSCME. Also enclosed are copies of the successful Massachusetts and Philadelphia bills.

The American Committee on Africa • 198 Broadway • N.Y., N.Y. • 10038 • (212) 962-1210

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NEWSLETTER

Number 3 April 1983

1982 saw unprecedented victories for the campaign to withdraw public funds from corporations and banks investing in South Africa. It is estimated that state and municipal legislation passed last year will force the divestment of more than $300 million in securities and bank deposits.

The legislative divestment campaign started in 1981 after the American Committee on Africa and other groups such as the Washington Office on Africa, TransAfrica and the American Friends Service Committee, with the assistance of the UN Centre Against Apartheid, held a unique national conference in New York that brought together legislators, grass roots activists, alernative investment specialists and representatives of liberation movements. Twenty-three legislators attended and went back to introduce legislation in their own states.

1983 may well see even greater successes. Already legislation calling for divestment has been introduced, or will be soon, in 24 states.

Last year Massachusetts *, Michigan, Connecticut, and the cities of of Philadelphia and Wilmington, Delaware passed divestment legislation. Their actions reflect the growing conviction that U.S. investment in South Africa strengthens the apartheid regime.

The legislation was the result of a prolonged effort involving concerned legislators, civil rights organizations, churches, labor unions and campus and community groups. Major opposition came from the South African government and corporations with investments in South Africa, especially Ford Motor Company which has $213 million invested in South Africa.

The Massachusetts law, which was enacted only after the legislature overrode a veto by Governor Edward King as the year ended, may have the greatest long range significance. It is the most comprehensive

* ACOA is publishing the report by Mass Divest on the Massachusetts victory, "Make It in Massachusetts, Not in South Africa." Write to order copies.

divestment legislation passed by any state and is likely to become the model for bills in other states and cities.

Despite heavy lobbying by South Africa and Ford Motor Co. the Massachusetts House of Representatives voted 134-2 to override the veto and the Senate overrode by a vote of 23-5. All Massachusetts state pension funds will be required to sell stocks and bonds in companies doing business in South Africa. It is estimated that $100 million worth of securities will be sold.

The Massachusetts law was sponsored by State Representative Mel King and State Senator Jack Backman. It received strong support from Mass Divest, a statewide coalition of civil rights, religious, labor and community groups which has been campaigning for this type of legislation for the past three years.

On July 18, Wilmington, Delaware passed an ordinance introduced by Councilman Penrose Hollings stating that none of the cities pension funds could remain invested in any business entity doing business in South Africa and was passed by an 11-2 vote and signed into law by Mayor William McLaughlin. The City Treasurer estimates that $400,000 will be divested, mainly from corporate bonds.

Michigan adopted legislation in December requiring public educational institutions in the state to sell all investments in corporations operating in South Africa. The state university system will have to sell approximately $60 million in securities. Michigan law already prohibited depositing state funds in any bank making loans to South Africa.

State Representative Perry Bullard and State Representative Virgil Smith sponsored both bills. Representative Smith has announced that he will introduce another bill dealing with public pension funds, similar to the one passed in Massachusetts, in the next session of the Michigan legislature.

The report on the present legislation is as follows:

Alabama

State Action: State Representative James Buskey will introduce a bill on April 14 modeled on the successful Massachusetts bill. Representative Cain Kennedy is co-sponsoring the legislation.

California

State Action: Assemblywoman Maxine Waters introduced on February 23, 1983 AB 808 providing that no state funds will remain invested in securities of any banks with outstanding loans to the South African government after January 1, 1985 unless the bank agrees to make no future loans to South Africa and not to extend the repayment date on any present loan. It also provides that no state funds will remain invested in companies doing business in or with South Africa after January 1 , 1988.

City Action: Berkeley: On April 17, 1979, the citizens of Berkeley overwhelmingly approved a referendum mandating the removal of public funds (with the exception of pension, defered 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 referedum 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 in South Africa.

Colorado

State Action: State Representative Arie Taylor introduced HB 1360, on February 22, 1983 which provides that after July 1, 1983 no state funds shall remain invested in any banks with outstanding loans to South Africa or any company doing business in or with South Africa. The bill allows the state treasurer to postpone selling securities to avoid taking a loss but requires that he or she report annually on any funds still invested in prohibited banks or corporations.

Connecticut

State Action: A law was passed in June 1982 requiring divestment from companies which fail to meet all the following minimum requirements: the corporation must not supply strategic products or services to the South African government, military or police; the corporation must recognize the right of black workers to organize and strike; the corporation must have received a performance rating in the top two categories of the Sullivan Principles rating system. It is estimated that this law will result in the sale of $70 million worth of securities. The Connecticut Anti-Apartheid Committee which campaigned for the bill, is planning to continue to press for total divestment.

City Action: Hartford: In 1980 Hartford passed an ordinance prohibiting the investment of city pension funds in corporations operating in South Africa which have not signed the Sullivan Principles.

Delaware

City Action: Wilmington: Wilmington passed an ordinance sponsored by Councilman Penrose Hollins on July 18, 1982 which provided for the sale of securities of companies doing business in South Africa from the city's pension funds within 180 days. Approximately $400,000 in corporate bonds was affected.

Summary
3)

Florida

State Action: Speaker Pro Tem of the Florida House of Representatives Steve Pajcic has introduced a bill providing that all state trust funds (including pension funds) will be divested over no more than three years from banks with outstanding loans to South Africa and corporations doing business in or with South Africa. The bill is being co-introduced in the state senate by Senator Arnett Giradeau and Senator Carrie Meek.

Georgia

State Action: State Senator Julian Bond and State Representative Tyrone Brooks are drafting divestment legislation for the January 1984 session of the state legislature.

City Action: Atlanta: In 1982 the Atlanta City Council passed a resolution requesting the removal of all city pension funds from banks making loans to the South African government or to state corporations and from corporations operating in South Africa. This year Councilman John Lewis has introduced an ordinance to make the resolution legally binding.

Illinios

State Action: State Representative Carol Mosoley Braun has introduced a bill to prevent the deposit of state funds in banks making loans to South Africa or to corporations doing business in or with South Africa. She introduced a similar bill last year which was voted out of committee but failed on the house floor.

Indiana

State Action: In January 1983 State Representative William Crawford introduced a bill to remove corporations investing in South Africa or Namibia from the list of approved investments for state and local public funds. The bill also provides that no public funds may be deposited

in banks making loans to the South African or Namibian government.

City Action: Gary: In December, 1975, the city council passed a resolution calling on the city to stop 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.

Iowa

State Action: On February 1, 1983, State Senator Thomas Mann introduced a bill providing that the State Treasurer shall not deposit funds in or purchase the securities of banks making loans to the South African government.

Kansas

State Action: In 1983 the state legislature passed a resolution sponsored by State Representative Norman Justice calling on the trustees of the Kansas Public Employees Retirement System to discontinue the investment of pension fund monies in corporation or banks "which support the apartheid system in South Africa by investing in that country." This year Representative Justice is working to have the resolution passed into law so that it will force the trustees to divest.

Maryland

State Action: In the 1983 legislative session Delegate Sylvania Woods has introduced a resolution urging that no state pension funds be invested in any banks which make loans to the South African government or South African national corporations or which operates in South Africa.The campaign began in 1982 when the resolution was first introduced.

County Action: Howard County: Vernon Gray, a member of the Howard County Council, is planning to introduce legislation to prohibit the county from depositing funds in banks that do business with South Africa.

Massachusetts

State Action: On January 4, 1983, the Massachusetts legislature overrode a veto by Governor Edward King and voted to withdraw all public pension funds from corporations doing business in South Africa. The bill, which was sponsored by State Senator Jack Backman and State Representative Mel King, is the most comprehensive divestment legislation passed to date by any state and is becoming the model for bills in other states. It received strong support from Mass Divest, a statewide coalition of civil rights, religious and community groups. The bill requires that within three years an estimated $90 million be withdrawn from 42 corporations.

City Action: 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.

Michigan

State Action: The state legislature passed a law in December 1982, requiring public educational institutions to sell all investments in corporations operating in South Africa. The state university system will have to sell approximately $60 million in securities. Michigan law passed in 1980 already prohibited depositing state funds in banks making loans to South Africa.

State Representative Perry Bullard and Virgil Smith sponsored both bills. Smith is planning to introduce a bill dealing with state

pension funds, similar to the Massachusetts bill, in the 1983 session of the legislature.

City Action: The Grand Rapids City Commission passed an amendment to the City Investment Policy on October 26, 1982, prohibiting the deposit of "idle" city funds in banks making loans to the South African government or to corporations doing business in South Africa.

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.

Minnesota

State Action: Representative Randy Staten is introducing divestment legislation in the 1983 session of the state legislature. In 1982 a bill to prohibit future investment of state funds in corporations doing substantial business in South Africa or Namibia passed the state legislature but was vetoed by the governor.

City Action: Minneapolis-St. Paul: In December, 1982, Minneapolis City Councilmember Vann White and St. Paul City Councilmember Bill Wilson indicated their intention to introduce divestment legislation in 1983.

Nebraska

State Action: State Senator Ernie Chambers introduced LB 553 on January 19, 1983, which calls for a two step divestment process. By January 1, 1984, no state funds will remain invested in the

stocks of banks making loans to South Africa unless they adopt a policy of making no new loans and amortizing all existing loans. After that date the state will make no new investments in corporations doing business with South Africa. By January 1, 1986, all state funds will be divested from corporations doing business in or with South Africa and from banks making loans to South Africa.

In 1980 the legislature passed a resolution introduced by Senator Chambers calling on the Nebraska Investment Council to review the list of corporations and banks which invest in South Africa and to remove them from the approved list for investment of Nebraska Trust Funds. This was the first state divestment action taken in the country.

Nevada

State Action: State Senator Joe Neal has introduced in the 1983 session of the legislature a bill to prohibit the investment of any Nevada state funds or pension funds in banks making loans to South Africa or to any company doing business in or with South Africa. The bill includes a provision that local government funds cannot be deposited in banks making loans to South Africa.

New Jersey

State Action: State Senator Wynona Lipman is preparing divestment legislation to be introduced in the 1983 session of the legislature.

New York

State Action: Assemblyman Herman Farrell has introduced a series of divestment bills in the 1983 session of the state legislature. On February 28, he introduced a bill modeled on the Massachusetts law which provides that all state pension funds will be divested within three years from banks with outstanding loans to South Africa and any company doing business in or with South Africa. Farrell has also introduced AB 3380

which makes the state comptroller responsible for seeing that no state funds are deposited in any bank making loans to the South African government. He is also reintroducing a bill requiring all banks in New York State to file an annual report revealing the nature and extent of their dealings with the South African government or national corporations. In 1982 this bill passed the state assembly but did not come up for a vote in the state senate.

City Action: New York City: In 1982 Councilwoman Ruth Messinger introduced a resolution in the New York City Council calling on the city to divest pension fund monies from corporations and banks investing or making loans to South Africa. Although no hearings were held Councilwoman Messinger is planning to introduce a divestment measure in 1983. Discussions have begun with city officials and municipal labor leaders about divestment of the estimated $1 billion in city pension funds currently invested in South Africa-related corporations. The funds are jointly controlled by the unions and the city.

Oregon

State Action: Representative Carl Hosticka has introduced HB 2772 in the 1983 legislative session which would prohibit the new investment of state pension and trust funds and general state funds in corporations doing substantial business in countries where the law requires discrimination on the basis of race, color or creed after January 1, 1984. Divestment would take place in a reasonable time after that date with the state treasurer filing annual progress reports. All investments are to be made with an eye to benefiting the Oregon economy as much as possible. The bill would also prohibit depositing state funds in banks making new loans to countries that require discrimination. It is estimated that between $820 million and $1 billion would be divested if this passes.

County Action: Multnomah: The Multonomah County Commission (the county that includes Portland) passed a resolution in April 1982, urging the public employee retirement system to divest funds from corporations doing business in South Africa.

Summary
9)

City Action: Portland: A divestment bill has been introduced in the Portland City Council in 1983.

Ohio

State Action: State Senator William Bowen is sponsoring SB 53 in the current session. It would prohibit the investment of state funds in corporations or banks doing business in or with South Africa. Senator Bowen introduced a similar bill in 1982. Divestment legislation was first introduced in Ohio in 1979.

Pennsylvania

State Action: State Representative David Richardson Jr. is introducing a series of measures concerning South Africa. Among them are a divestment bill, a bill dealing with krugerrands and a resoltuion memorializing Congress concerning the arms embargo on South Africa.

City Action: Philadelphia: On June 4, 1982. the Philadelphia City Council unanimously passed a divestment ordinance making Philadelphia the first major American city to pass divestment legislation. The ordinance provides for the withdrawal within two years of all city pension funds from the securities of any corporation doing business in South Africa or any bank making loans to the government of South Africa or Namibia. The city finance department estimates that it will result in the sale of $60 to $70 million in securities from the city's pension funds.

Rhode Island

State Action: Senator David Carlin has introduced a divestment bill in the 1983 session modeled on the Massachusetts bill.

Texas

State Action: State Representative Al Edwards and State Representative Larry Evans have introduced divestment bills in the 1983 session of the Texas legislature. Representative Edward's bill would prohibit the investment of state educational funds in corporations investing or operating in South Africa. Representative Evans has introduced two bills dealing with the Texas Teachers Retirement Fund and the Texas Employees Retirement Fund which between them have approximately $12 billion in assets. The first bill would require the pension funds to divest from corporations or banks investing in South Africa. The second merely calls for a prohibition on future investments and represents a fall back position if the first bill cannot pass. Senator Craig Washington has also introduced divestment legislation in the state senate.

City Action: Dallas: An ordinance has been introduced in the Dallas City Council to prohibit companies doing business with South Africa from receiving city contracts and to remove city funds from banks which make loans either to the South African government and its national corporations or to U.S. companies which invest in South Africa.

Washington

City Action: Seattle: City Counselors Norman Rice, Dolores Sibonga and Sam Smith are planning to introduce divestment legislation in the 1983 session in the Seattle City Council.

Wisconsin

State Action: Assemblywoman Marcia Coggs has introduced a bill in the 1983 session to extend the already existing ban on investing state educational funds in corporations doing business in South Africa to all other state funds. The ban on investing educational funds resulted from a ruling by the state Attorney General that the state law forbidding

investment in companies that practice or condone racial discimination required the Board of Regents to divest all educational funds from companies operating in South Africa. 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.

City Action: 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 enforcable reason for ending contracts.

Washington DC

District of Columbia: An ordinance requiring the divestment of all public funds from corporations doing business in South Africa and from banks making loans to the South African government or its national corporations has been introduced by Councilmember John Ray. The divestment would take place over a two year period. Hearings were held on the bill on March 3 ,1983. At least $180 million in pension funds will be affected if the ordinance passes.

(Bill No. 1060-A)

Explanation:
Italics indicate new matter added.
[Bold Brackets] indicate matter deleted.
Bold Italics indicate new matter added on Final Passage.

(Philadelphia)

AN ORDINANCE

Amending the Retirement System Ordinance, approved December 3, 1956, as amended, by adding a new subsection providing for additional limitations on authorized investments.

WHEREAS, The preservation of principal and the maximization of income are underlying criteria for the selection and retention of investments by fiduciaries; and,

WHEREAS, A business which operates in a foreign country which is governed in a manner seriously inconsistent with the human rights of all or some of that country's citizens jeopardizes its investments in that country as well as any funds invested in that business, directly or indirectly; and,

WHEREAS, The government of South Africa and Namibia has instituted and maintained a policy of Apartheid, citizens' rights according to race, for over thirty years; and,

WHEREAS, Apartheid has caused the institutional subjugation of and hardship to over eighty percent of the people of South Africa and Namibia simply because they are non-white; and,

WHEREAS, Neither the City of Philadelphia, nor its Retirement System, should support the policy of Apartheid by investing in or maintaining investments in companies doing business in South Africa and Namibia directly or indirectly; and,

WHEREAS, Maintenance of the policy of Apartheid in South Africa and Namibia casts doubt on the safety and stability of investments in companies doing business directly or indirectly in South Africa and Namibia;

NOW THEREFORE:

The Council of the City of Philadelphia hereby ordains:

SECTION 1. Section 113 of The Retirement System Ordinance, approved December 3, 1956, as amended, shall be further amended by adding a subsection to read as follows:

Section 113. Investments

* * *

113.3(a) No monies or funds held under any provision of The Municipal Retirement System shall remain invested or hereinafter be invested in the stocks, securities, or other obligations of any bank or financial institution which makes loans to the Republic of South Africa, or Namibia or to a national corporation of the Republic of South Africa or Namibia, [or to a subsidiary or affiliate of a United States company operating in the Republic of South Africa or Namibia;] or in the stocks, securities, or other obligations of any [business entity] ***United States Company*** *doing business in the Republic of South Africa or Namibia, or whose subsidiary or affiliate does business in the Republic of South Africa or Namibia.*

(b) [Business entities] United States Companies, subsidiaries and affiliates doing business in the Republic of South Africa shall be identified by reference to the most recent annual report of the American Consulate General of Johannesburg, entitled "American Firms, Subdivisions and Affiliates—South Africa."

(c) Business entities doing business in the Republic of Namibia shall be identified through correspondence with the United Nations's Office of the Commissioner for Namibia and the United Nation's Center on Transnational Corporations.

SECTION 2. *The divestiture required by Section 1 of this ordinance shall be completed within two years of final approval of this ordinance. During that two year period, the Board of Pensions and Retirement shall make regular reports to the City Council concerning the progress of divestiture. If, prior to expiration of the two year time limit for divestiture, the Board determines that completion of divestiture within the two year time limit will necessitate substantial losses to the Retirement System, then the Board shall request from City Council an extension of time within which to complete divestiture.*

SECTION 3. *This ordinance shall take effect immediately upon final approval.*

CERTIFICATION: This is a true and correct copy of the original Ordinance approved by the Mayor on

JUN 17 1982

Chief Clerk of the Council

[Similar Matter Filed During Past Session — See Senate No. 1138 of 1981]

SENATE . . . . . No. 984

By Mr. Backman, a petition (accompanied by bill, Senate, No. 984) of Jack H. Backman, Thomas M. Gallagher, Bill Owens and Mel King for legislation to end the investment of public pension funds in firms doing business in or with South Africa. Public Service.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-two.

AN ACT ENDING THE INVESTMENT OF PUBLIC PENSION FUNDS IN FIRMS DOING BUSINESS IN OR WITH SOUTH AFRICA.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Paragraph (d) of subdivision (1) of section 23 of chapter
2 32 of the General Laws, as most recently amended by sec-
3 tion 1 of chapter 491 of the acts of 1980, is hereby further
4 amended by adding the following paragraphs: —

5 (vi) After January 1, 1983, no public pension funds under
6 this subsection shall remain invested in any bank or financial
7 institution which directly or through its subsidiaries has out-
8 standing loans to the Republic of South Africa or its instru-
9 mentalities, and no assets shall remain invested in the
10 stocks, securities or other obligations of any company doing
11 business in or with the Republic of South Africa. Any pro-
12 ceeds of sales required under this paragraph shall be invested
13 as much as reasonably possible in institutions or companies
14 which invest or conduct business operations in Massachusetts
15 so long as such use is consistent with sound investment policy.

16 (vii) Notwithstanding the provisions of the preceding para-
17 graph, if sound investment policy so requires the investment
18 committee may vote to spread the sale of such investments
19 over more than three years so that no less than one-third
20 the value of said investments is sold in any one year. So long
21 as any funds remain invested in any bank, financial institu-
22 tion or firm referred to in paragraph (vi), the investment
23 committee shall annually, on or before January thirty-first,
24 file with the clerk of the senate and the clerk of the house
25 of representatives a report listing all South Africa-related
26 investments held by the fund and their book market value as
27 of the preceding December first.

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Cape Times, January 19, 1982

Union reviews Sullivan Code

Own Correspondent

PORT ELIZABETH. — The Motor Assemblers' and Component Workers' Union of South Africa has submitted a hard-hitting four-page document on the implementation of the Sullivan Code's fair employment principles to the company at its request.

According to the union. Ford's request follows an evaluation by an independent observer in the United States, Mr Arthur Little, who reported that the company is "making good progress".

In the document presented to Ford last week, Macwusa, one of the unions organizing black workers at Ford, slammed the Sullivan Code as a "toothless package" and a "piece-meal reform that allows this cruel system of apartheid to survive". Ford acknowledged receipt of the document, but has declined to comment.

This is the sixth year since the Sullivan Code guidelines were established for US multinationals in South Africa.

In its document, Macwusa listed the six principles and the union's comment on each:

● **Principle 1: Non-segregation of the races:** The union says this has no significance to the needs of black workers, of whom 78 percent are employed in job categories which have no white workers. "The system of job discrimination on the basis of race is being perpetuated in its entirety."

● **Principle 2: Equal and fair employment practices for all employees:** The union says: Practical experience at Ford shows for a black worker to qualify for a supervisory position he must be possess an academic Junior Certificate or undergo a company-offered two-year technical course while whites who have lower primary school education fill supervisory and even senior appointments.

● **Principle 3: Equal pay for equal work:** The union's comment: 84 percent of the workers in the lowest job categories are black and 98,5 percent of the workers employed in the top job category are white. Since the black worker does not occupy job seniority equal to that of the white, the "equal pay for equal work" statement is simply lip service and an empty slogan.

● **Principle 4: Initiation of and development of training programmes for blacks:** Macwusa claims that 99 percent of the black workers are misinformed about the education and training centre at Ford. Over the past five years the company has reported only on the number of black and white employees trained, but has failed to reveal the discriminatory amounts of money spent in training them.

● **Principle 5: Increasing the number of blacks in supervisory and management positions:** The union says the appointment of blacks to managerial positions is "simply tokenism". The company abides by the law that prohibits black supervision over white, and "as such these black managers have no decision-making power or authority in the company".

● **Principle 6: Improving the quality of employees' lives outside the work environment:** The union says Ford has failed to address itself to the major question of black housing. Ford gave large sums of money to the East Cape Administration Board for the "improvement" of the then Emaplangeni area, subsequently demolished to make way for the new KwaFord township.

This resulted in exploitation as rents ranged between R72 and R80 and the original residents, removed by Ecab, now lived in black townships in conditions of squalor. "The new Fordville, with limited houses selling at some R45 000 each, is a window-dressing scheme aimed at promoting a black middle class."

Macwusa also says "substantial sums of money" from the company are directed towards apartheid organizations and "pro-government" sports bodies.

In summary, Macwusa says the Sullivan Code "circles around apartheid's basic structures. The Code does not demand apartheid to be abolished, but merely to mordenize and ensure its perpetuation". It does not call for an end to passes or require companies to recognize black and white trade unions on an equal basis regardless of registration.

Rand Daily Mail, December 6, 1982

Direct foreign investment in SA falls

THERE has been a marked shift away from direct investment in South Africa towards short and medium-term loans, according to the first census of the foreign assets and liabilities since 1973.

Outlining the census findings, Dr Ernie van der Merwe, head of the Reserve Bank's balance of payments section, says that direct investments, which give foreigners direct participation in the running of South African undertakings, fell from 61% of foreign liabilities in 1969 to 48% at the end of 1980.

South Africa's foreign liabilities totalled R25 500-million in December 1980.

In contrast, loan funds increased from 36% of foreign liabilities in 1956 to 49% at the end of 1980.

Dr Van der Merwe ascribed the shift to foreign-currency controls in South Africa and abroad, to heavy borrowing by State-owned corporations, such as the Electricity Supply Commission and South African Transport Services.

Political factors are also a factor.

The public corporations' shares of SA's foreign liabilities jumped from 3% at the end of 1956 to 16.5% in 1980.

Dr Van der Merwe said increasing political pressure on foreign companies to limit their investments in South africa had contributed to a change in investment patterns.

"Under these pressures, many institutions have begun to give preference to short- and medium-term investments instead of those of a more permanent nature".

Four sectors — manufacturing, financial institutions, commerce and mining — accounted for four-fifths of foreign investment at the end of 1980.

The share of manufacturing and financial institutions has grown particularly fast at the expense of mining.

According to a census based on 264 000 questionnaires sent out by the Reserve Bank, manufacturing accounted for 41% of all direct foreign investment in 1980.

Foreign companies dominate the oil, pharmaceutical, office machinery and motor industries, among others.

European Economic Community countries remain the largest source of foreign investment in South Africa, but their share fell from 71% in 1956 to 58% in 1980. — Financial Times.