

## Divestment Issue Gathers Steam

[AN] In recent weeks the Catholic Archdiocese of Milwaukee has sold \$300,000 of Citicorp bonds in protest of loans to South Africa, the latest in a series of church and university actions against the New York-based banking giant. And in Connecticut a bill to divest state monies from all companies involved in South Africa was barely blocked when the government vetoed it on July 1.

These developments are only two of many signs of a shift toward tougher grassroots action on South African investment, at a time when the political climate prevailing in Washington augurs closer ties with Pretoria. Churches, universities, and state and local governments concerned with the issue are growing in number, adding to the pressure on companies, though details of their demands vary.

Significantly, activists are showing increasing skepticism toward reform measures that fall short of full withdrawal. Citicorp, for example, had hoped that the loan by its subsidiary, Citibank, to the South African government for an upgrading of black housing might win some exemption from criticism, but protest has continued.

In Connecticut, the recently-vetoed divestment bill was an attempt to go further than an existing state law, one that used the 'Sullivan Principles' as a measure of corporate ethics. (This code, drafted by the Rev. Leon Sullivan, a black American clergyman

who sits on the board of General Motors, prescribes a number of corporate reforms for U.S. companies in South Africa.) The new bill had passed by 101 to 35 prior to the governor's veto, and even afterwards, with bipartisan support, won 81 votes over 61 opposed — short of the two-thirds necessary to override a veto.

Many critics are still using the Sullivan Principles as the major criterion for judging companies and deciding on divestment, but an increasing proportion are calling for outright economic withdrawal.

A similar trend is developing in labor unions. In June UAW vice president Marc Stepp told a UN symposium on Transnational Corporations in South Africa and Namibia that his union was calling for implementation of a relevant clause in their contract with Chrysler — one that excludes from new pension fund investment up to five companies which refuse to abide by the Sullivan Principles. The corporations named this year are Allegheny International, Dresser Industries, Eaton Corporation, Newmont Mining and U.S. Steel.

However, Stepp went on to say that he hoped these cutoffs would be just the start. It was necessary to push beyond the Sullivan code, he argued, and eventually "move from an investment freeze to outright divestment, from a limited embargo on arms and trade to a total embargo."

### Legislators Take Up Divestment Issue

[AN] A conference held in New York in June to discuss Public Investment and South Africa drew 42 legislators from 22 states, as well as 150 others concerned with divestment issues. The gathering marked a new level of linkage between those concerned in general with the responsible investment of public employee pension funds, and those groups specifically concerned to end United States ties with the South African apartheid system.

The meeting, the first of its kind on a national level, opened with a press conference at the United Nations chaired by Nigeria's Ambassador B. Akporode Clark, who also chairs the UN Special Committee against Apartheid, stressed the importance of foreign investments in the South African economy, which he said strengthened the military and industrial base of the white minority government.

Keynote speaker Julian Bond, state senator from Georgia, later exhorted the group to "take whatever action we can to end American complicity with this international crime." Reagan administration policies, the veteran civil rights activist added, have shifted from "benign neglect to a kind of malignant aggression" on issues of human rights in Africa.

Conferees could take some encouragement from a summary of action to date drawn up for the conference, noting legislative efforts, often successful, in some twelve states and ten cities including California, Connecticut, Illinois, Indiana, Massachusetts, Michigan, Minnesota, Nebraska, New York, Ohio, Oregon, Wisconsin, and Washington, D.C. Drawing on this record, legislators could argue that divestment action is politically and economically feasible, and that public employee pension funds, estimated at some \$179 billion in \$979, could wield substantial financial

leverage. Public and private pension funds together form a pool of capital in excess of \$650 billion and control up to 20% of common stocks in the U.S., and 40% of the bond market. They are however, generally under the control of banks and other financial agents, and managed without respect to criteria of social responsibility.

William Lucy, Secretary General of AFSCME, the large public employees union, who is also president of the Coalition of Black



### Another Zimbabwe Leader Buried

Joe Gqabi, Chief Representative of the African National Congress in Zimbabwe, was buried Sunday, August 9, after his assassination the week before. The funeral was attended by Prime Minister Mugabe, government officials, members of the Diplomatic Corps., and Oliver Tambo, ANC president, who is shown addressing the mourners while Gqabi's family members listen.

### University/Church Divestments Actions 1981

- In January, the trustees of Mount Holyoke College in Massachusetts voted to sell all stock in three companies involved in South Africa — First National Bank of Boston, General Motors and Mobil Oil. The stock sold was valued at over \$2 million.

- In February, it was revealed that Harvard University had sold some \$50 million in Citibank notes and certificates, because of that bank's recent loans to South Africa.

- At a joint press conference in March, Dr.

Leon Sullivan, originator of the 'Sullivan Principles,' and Dr. William Howard, president of the National Council of Churches, announced their continued opposition to bank loans to South Africa, specifically citing the recent \$250 million loan in which Citibank participated.

- In April, Brandeis University sold nearly \$300,000 worth of stock in U.S. Steel because of that company's continued operations in South Africa, and its refusal to subscribe to a

code of ethics on labor practices there.

- In early May, Swarthmore College decided to divest some \$2.4 million in stock in Newmont Mining, Timken Corporation and Citibank. Later the same month, Riverside Church withdrew an operating account with some \$6 million in cash flow per year from Citibank in protest against its South African loans.

- On May 27 and 28, a conference on South Africa at Northwestern University, organized on the recommendation of a trustee committee examining Northwestern's financial ties with South

Trade Unionists, opened the second day of the conference with a strong criticism of what he termed the "cash register mentality" of many management-appointed pension fund trustees. But he cautioned the conferees to work closely with unions and groups of retired people when designing their divestment strategy, so that it not arouse fears of lost benefits.

In fact, the experience of many investors who have disposed of stock in companies involved in South Africa is positive. John Harrington, a California investment specialist who has been active in the field for over a decade, noted that more socially responsible investments in fact often return higher rates than the average obtained by major pension funds. At the same time, he noted, investment in local communities could also increase income, create

jobs, and improve living standards, rather than being invested overseas in a society like South Africa.

Dr. Robert Schwartz, vice president of Shearson Loeb Rhoades, Inc., who has served as investment advisor to union pension funds and other large investors, concurred. Schwartz repeated the theme of his testimony to the Michigan legislature last year, noting that careful selection could replace those companies involved in South Africa with more profitable investments.

Organizers for the conference, a coalition of groups joined in the "Campaign against Investment in South Africa," were pleased with the results. They expect new action to come from increased coordination among groups and legislators in different states. Regional follow-up meetings are sched-

ed for Michigan in the fall, and California later in the winter. This fall's AFL-CIO convention is expected to come out with a strong statement on the topic, perhaps leading to stepped-up labor involvement. And in a variety of states, new legislation is being introduced.

One initiative with good prospects of success is a divestment bill introduced in Wisconsin by Rep. Marcia Cogg. The University of Wisconsin regents divested of stock in companies involved in South Africa two years ago, at the Attorney General's order, and suffered no financial ill-effects, setting a useful local precedent. And Cogg's bill which will be considered in September at a public legislative hearing, has 41 of the 99 assembly members as co-sponsors and nine of the 3 senators.

Thomas, who chaired the recent Study Commission on U.S. and

and Continental (S 78)

Leon Sullivan addressed the conference charging that U.S. companies in South Africa, even many of those who had signed his code, were dragging their feet on reform.

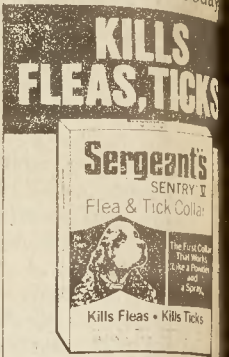
Over the period from February to May, the annual campaign carried out by church groups at stockholder meetings targeted 26 corporations for their involvement in South Africa. The groups presented a variety of resolutions ranging from requests for reports on conditions in the firms' South African operations to calls for boycotts on sales to the South African military and cessation of loans to the South African government.

Most successful were resolutions submitted to banks. Resolutions at Crocker National won 10.3% of the shares voted, and at Wells Fargo 10.8%, while high percentages were also registered at several others: Citibank (7%), Bank of America (6%),

measurable institutional investors' discom-

Among companies, Ford General Motors took a conciliatory line, agreeing to further discussions with the churches, but the resolutions were withdrawn. However, strongly affirmed its policy of to South Africa military and po- arguing that these ac- cies were for the pro- tion of "people of races."

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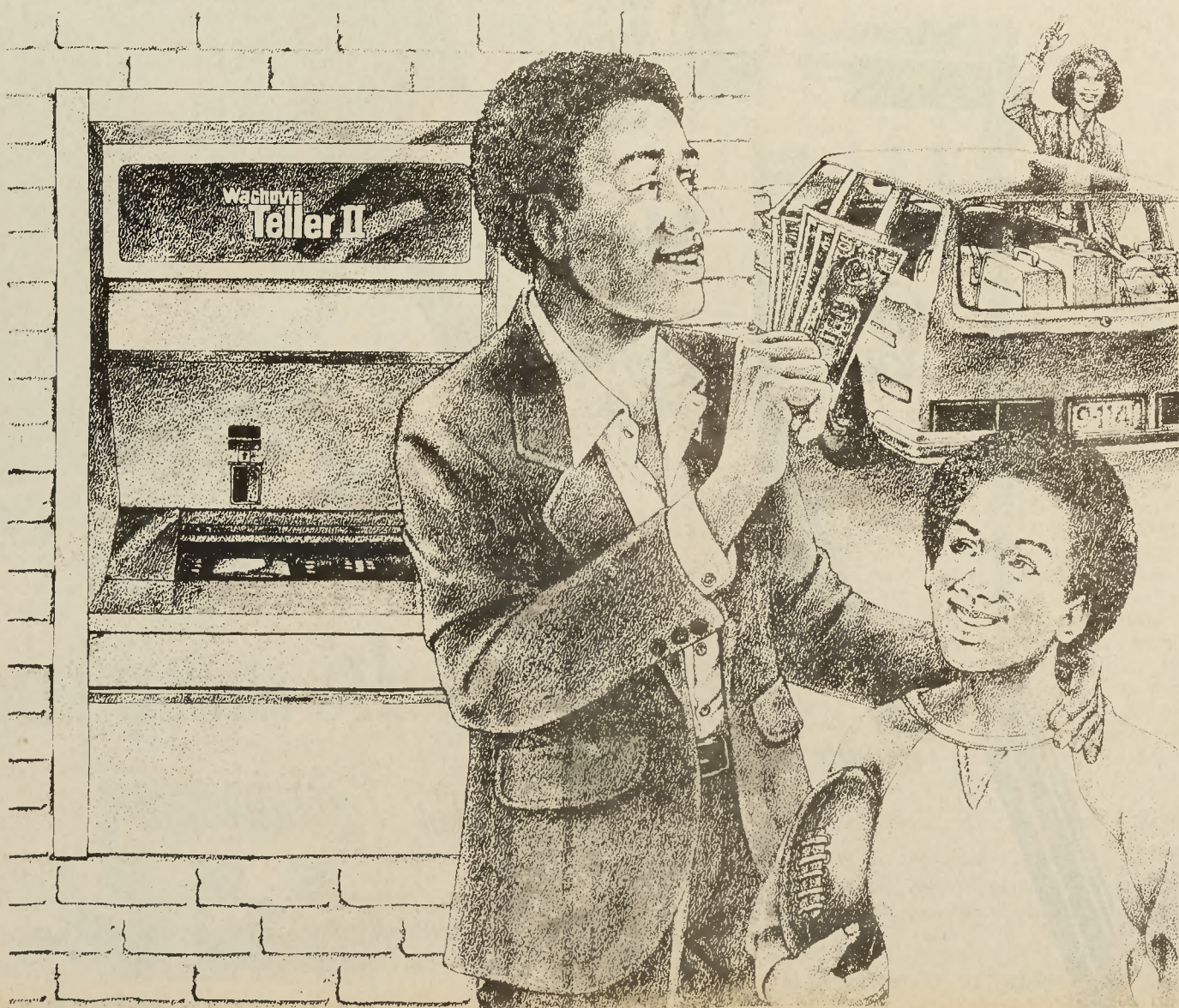
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