

PUBLIC INVESTMENT AND SOUTH AFRICA

NEWSLETTER

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ALABAMA

State Action: On February 7, 1984, Representative James Buskey reintroduced a bill modeled on the successful Massachusetts legislation requiring divestment of state pension funds from banks and corporations investing in South Africa. There have been hearings in the House Ways and Means Committee, but a vote has not yet been taken.

ARIZONA

State Action: Representative Art Hamilton and Senator Tony West introduced legislation which has been attached to HB 2020 which prohibits the investment of public funds in enterprises headquartered in or who have the majority of their interests based in South Africa. This includes a prohibition on the purchase of precious metals from South Africa. The bill is awaiting action by the Senate.

CALIFORNIA

State Action: Assemblywoman Maxine Waters reintroduced Assembly bill 808 which stipulates that after January 1, 1989, no state funds shall remain invested in any corporation or any bank doing business in South Africa.

A public hearing in the Assembly Finance and Insurance Committee was held on January 10, 1984. The bill was defeated by a vote of 5 to 8. Assemblywoman Waters will introduce the bill again next year.

City Action: Santa Cruz: On November 8, 1983, Mayor John Laird of the City of Santa Cruz signed an ordinance which prohibits the investment of public funds in banks doing business in or with South Africa. The divested funds will be reinvested to create jobs, housing, and other services for local residents.

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FLORIDA

State Action: Speaker Pro Tem Steve Pajcic introduced a bill in December 1983 calling for state funds, including pensions, to be divested over a three-year period from banks and corporations operating in South Africa. The bill passed the Retirement Personnel Collective Bargaining Committee and is awaiting action by the House Appropriations Committee.

GEORGIA

State Action: Representatives Tyrone Brooks, Betty J. Clark and J.C. Daugherty introduced House bill 1202 on January 18, 1984. The bill prohibits public retirement systems funds from being invested in banks operating in or dealing with South Africa.

Senators Julian Bond, Horace E. Tate and David Scott introduced Senate bill 543 on February 9, 1984. The bill states that no state funds shall be invested or deposited in any financial institution which has outstanding loans to South Africa. Both bills are awaiting action.

ILLINOIS

State Action: On April 4, 1984, more than 200 representatives of trade unions, churches and community organizations visited Springfield to lobby on behalf of a divestment bill introduced by Representative Carol Moseley Braun and co-sponsored by the House Speaker, Representative Michael Madigan. Bill 569 prohibits the investment of state funds in banks making loans to South Africa. The bill has passed out of committee and is now before the House for final passage, but voting has been postponed. South African government officials and U.S. corporations have lobbied strongly against the bill.

INDIANA

State Action: Representative William Crawford reintroduced a bill to remove corporations investing in South Africa or Namibia from the list of approved investments for state and local funds. The bill was not heard this year. Representative Crawford is organizing a stronger coalition for the 1985 legislative session with church, union and civil rights organizations.

IOWA

State Action: On April 20th, the Iowa legislature passed an Appropriations Bill with an amendment requiring that the Iowa Public Employee Retirement System Investment Board make no future investment of state pension funds in banks and companies dealing with South Africa. The amendment further requires the Investment Board to vote their stock at shareholders meetings against investing in apartheid. The amendment was introduced by Senator Charles Bruner, Chairman of the State Investment Board. This followed initiatives taken by Senator Thomas Mann and Representative Michael Connolly which were narrowly defeated in Committee. The bill was vetoed by Governor Terry Branstad but will be challenged in court by local anti-apartheid groups.

KANSAS

State Action: Representative Norman Justice reintroduced House bill 2880 on February 22, 1984. There have been hearings in the House Committee on Pensions, Investments and Benefits but there was no action taken.

MARYLAND

State Action: In May, an important victory was won when Maryland took legislative action preventing the use of state funds in ways that support apartheid. On May 29 Governor Harry Hughes signed into law House Bill 1267, which prohibits the deposit of state money in any bank, or financial institution making loans to the government of South Africa or to any parastatal corporation. The bill, which will become operative on January 1, 1985 was introduced into the legislature in February by Representatives Howard Rawlings and Wendell Phillips. In an opinion on the constitutionality of the bill the Maryland Attorney General considered three key questions often posed to challenge divestment legislation. He found that the statute:

- 1) does not conflict with the Commerce Clause, U.S. Constitution, Art. I, S.8.
- 2) does not contravene federal law, in violation of the Supremacy Clause, Art. VI, Cl.2.
- 3) does not infringe on the federal foreign affairs powers.

Meanwhile Senator Clarence M. Mitchell III, president of the National Black Caucus of State Legislators, introduced another divestment bill on March 14. As amended, the bill would prohibit future investments in South Africa and it passed the Senate.

MICHIGAN

State Action: House bill 4516, sponsored by Representatives Perry Bullard and Virgil C. Smith, Jr. and modeled on the comprehensive Massachusetts legislation, is held up in the Retirement Fund Committee. Representative Smith is working out an agreement with the treasurer which will get the bill out of committee and bring it before the legislature.

MINNESOTA

State Action: Senator Allan Spear and Representative Randy Staten reintroduced divestment legislation in both the Senate and the House. The bills prohibit future investments of funds by the State Board of Investment in corporations and banks that do business in South Africa and Namibia. There were hearings in the House and Senate on March 12, 1984. Corporations bussed in retirees to protest the bill. A vote was postponed until later in the session.

NEBRASKA

State Action: On April 9, the Nebraska legislature passed a divestment bill by a vote of 29-19 that will take effect as of January 1, 1987. The bill calls for the divestment of pension funds from corporations that do not meet the "highest rating of the Sullivan Principles." In 1980, Nebraska passed a divestment resolution introduced by Senator Ernest Chambers. Since then, Senator Chambers has been working to make the resolution binding.

NEW JERSEY

State Action: Assemblyman Willie B. Brown introduced Assembly bill 1309 on February 23, 1984. The bill requires divestment of state pension funds from companies doing business in South Africa. The bill is pending in the Assembly State Government Committee, and is co-sponsored by the House Speaker Alan J. Karcher.

In other action, Senator Wynona M. Lipman reintroduced Senate Joint Resolution #16 on January 23, 1984. The resolution calls upon the government of South Africa to rescind its apartheid policy. The Resolution is pending in the Senate State Government Committee.

NEW YORK

State Action: On January 13 and 17, the Assembly Banking Committee held hearings in New York City and Albany on divestment bills introduced by Assemblyman Herman D. Farrell, Jr., who is chairman of the committee. The bills call for an end to the investment of public funds in banks and corporations dealing with South Africa and are still pending before the New York Assembly. Since the hearings, meetings attended by representatives of trade unions, churches and community organizations were held in Syracuse and New York City to formulate strategies to support these bills. The New York State Council of Churches and the New York State Catholic Conference have voted to support divestment legislation and to work for its passage. The legislature started considering an amended bill, which deals only with corporations, 5034 A, after the Easter recess.

City Action: New York City: Council Member Ruth Messinger has introduced a bill in the City Council which would prohibit the city from accepting bids from companies having operations in South Africa and prevent the city from purchasing any South African product. The bill known as "Intro. 619" is co-sponsored by City Council President Carol Bellamy and 10 other Council members. Hearings will be held.

In a separate action, several trustees of the New York City pension system are discussing a strategy for divesting the pension fund system from corporations and banks operating in South Africa. The fund has over \$8 billion in assets.

OHIO

State Action: Senator William Bowen, chairman of the Senate Finance Committee introduced divestment legislation. The bill passed out of committee and is awaiting a hearing on the Senate floor.

City Action: Cleveland: On March 12, the county of Cuyahoga which includes the city of Cleveland passed a unanimous binding resolution sponsored by Commissioner Timothy Hagan calling on the County Investment Advisory Board not to invest its taxpayers funds in banks dealing with the Government of South Africa.

PENNSYLVANIA

State Action: Senator Freeman Hankins and Speaker of the House, Leroy Irvis have introduced bills in their respective houses to divest pension funds from banks and corporations dealing with South Africa. Both bills are still pending.

RHODE ISLAND

State Action: Senator David Carlin introduced new divestment legislation which was referred to the Senate Corporation Committee on February 29, 1984. On March 23, 1984, the Senate voted to transfer the bill to the Senate Finance Committee. No action has yet been taken.

WISCONSIN

State Action: Bill 834 introduced by Assemblywoman Marcia Coggs, prohibits public funds from being invested by the State Investment Board in corporations doing business in or with South Africa. It was heard on February 21, 1984 by the Committee on Government Operations. The bill is still pending.

WASHINGTON, D.C.

For the first time, the U.S. Congress had the opportunity to debate divestment legislation when a divestment bill passed unanimously by the D.C. City Council, came before the House District Committee for approval. As expected, Congressman Phillip Crane, a long-time supporter of South Africa, introduced a resolution to block the D.C. bill. Hearings were held on Crane's resolution and witnesses, including a financial "expert" who claimed that D.C. would "lose millions" by divesting, were called to testify. However, the House District Committee voted on February 14 by an overwhelming and bipartisan margin of 10-2 for the D.C. pension funds to be divested.

Prepared with the assistance of Nicholas Gouede

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