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Divesting from Apartheid:

A Summary of State and Municipal Legislative Action on South Africa

by
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1982 was a year of major victories for the movement to withdraw public funds from companies whose investment in South Africa subsidizes the apartheid system. Massachusetts, Michigan, Connecticut and the cities of Philadelphia, Wilmington and Grand Rapids all enacted legislation that will force the divestment of up to $300 million.

The Massachusetts bill, which requires state pension funds to sell all stocks and bonds in companies doing business in South Africa, is the most comprehensive divestment legislation yet passed by any state. Philadelphia is the first major American city to pass a divestment ordinance.

Both the Massachusetts and the Philadelphia bills call for full divestment of pension funds, and both are being used as model legislation in campaigns around the country. Already in 1983, legislative action against apartheid is being worked on in 21 states and 8 cities and counties. The following summary provides detailed information on this legislation. We hope it will be useful not only to legislators, but to many concerned people from the churches, the unions, and civil rights, community and campus organizations who have been working to end public investment in South African racism. We hope this summary will help you in your efforts to win many more victories in 1983.

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, 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 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 bank 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.

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.

ILLINOIS

STATE ACTION: State Representative Carol Moseley 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 1982 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 corporations 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 operate 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 Representatives 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: *Grand Rapids:* 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 is the sponsor of 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 Janaury 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 benefitting 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 Multnomah 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.

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 resolution 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 education 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 Councillors 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 discrimination 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.