

July 31, 1985

Kent County Board of Commissioners
300 Monroe, NW
Grand Rapids, Michigan 49503

Dear Commissioner:

The Kent County Board of Commissioners received a letter from me dated July 25, 1985 urging action on divestiture from banks and corporations doing business in the Republic of South Africa.

I wish to clear up one paragraph which was open to misinterpretation and perhaps sounded overly accusatory. That paragraph stated that the Commission's "inactivity on this matter can only be interpreted as supportive of the racist, oppressive, minority government of the Republic of South Africa."

I am not accusing the Commissioners of personal racism; nor do I think that you feel unsympathetic to the Black majority in South Africa. We do need to understand, however, that often to not act is to take sides. Bank and corporate investment in South Africa support the minority government. Unfortunately our action or inaction speaks louder than personal feelings, or statement. ("A person may cause injury to a others not only by his actions but also by his inactions, and in either case is justly accountable to them for the injury." - John Stuart Mill) It is also clear that the Black people of South Africa, according to recognized leaders such as Allan Boesak and Desmond Tutu, interpret such inaction as supportive of the Apartheid system.

You have the opportunity to join with many other entities to use your economic clout to make it clear to the South African Government that they must abolish Apartheid, or simply not have enough world support to continue. You also, thus, make a local statement against racism and discrimination. Yes, it takes some effort and action on your part. And yes, it will take some staff time to carry out the divestiture. But it is a no loose proposition, because the way has been clearly blazed and the evil against which it is directed is so blatant.

Regarding divestiture itself. The question is sometimes asked as to whether divestiture will hurt Black people, the very ones we hope to help. It seems to me that we need to take our lead in this matter from those most affected, Black South Africans. The South African Council of Churches voted in June of 1985 to begin publicly advocating divestiture. Allan Boesak, Senior Vice President of the Council, called for divestiture publicly in a speech delivered June 30, 1985. This stance has been taken and acted upon even though it is a treasonous offense for a South African to advocate divestiture, (which also gives an indication of the government's fear of its effectiveness.)

The only thing that will help Black South Africans is the complete

dimantling of the Apartheid system. Further, U.S. corporations in South Africa are capital and technologically intensive, not labor intensive. They effect only about 2% of the labor force. What minimal gains might be received by a few workers are far offset by the detrimental overall effect of supporting Apartheid.

We hope that the Commission will act immediately on this matter.

Sincerely,

Doug Van Doren, Coordinator,
South Africa Working Group

8/27/85

Rev. Doug Van Doren

Chairman DeKraker, members of the Finance Committee:

I speak to urge you to act favorably upon the divestment resolution that Commissioner Vaughn introduced sometime ago, by recommending it for passage at the next Board of Commissioner's meeting.

Divestiture is nothing new. The list of governmental agencies, private and religious institutions, and colleges and universities is growing rapidly. By mid-1984 29 states were considering some divestment action. By that time Connecticut, Massachusetts, Maryland, Michigan and Nebraska had already passed divestiture legislation. Countless churches and several denominational bodies have divested. Well over 40 colleges and universities have either fully or partially divested. Several trade unions are on record as supporting divestiture, such as: The Amalgamated Clothing and Textile Workers Union; The United Auto Workers; American Federation of State, County and Municipal Employees; United Steel Workers of America; National Education Association; United Electrical Workers; International Longshoreman and Warehouseman's Union; District 1199 RWDSU; Fur, Leather and Machine Workers Union UFCWIU. The City of Grand Rapids passed a resolution in 1982 to divest its "idle funds" from banks and corporations doing business with the Republic of South Africa, and just last week a presentation was made to the Grand Rapids Public School Board and a resolution for full divestiture sent to their Finance Committee, *as at this morning staff was directed to draw up a resolution for Sept. 17, 85.*

These are but a few of the groups who have divested or are advocating divestiture, and the list is rapidly growing. So why should Kent County join in this effort?

To withdraw support from a racist, violent and repressive regime is the right and moral thing to do. I am certain that you and the citizens of Kent County do not want one penny of our money to support, directly or indirectly, physically or psychologically, a regime that discriminately governs the life of its citizens solely by the color of their skin. In addition divestiture makes a statement that the Kent County Board of Commissioners is against racist behavior wherever it may be found.

Investment in Corporations and Banks doing business in South Africa is supportive of the regime, therefore to withdraw support is effective. This is made clear in many ways. For a South African citizen to advocate divestiture is a treasonous offense punishable by up to 20 years in prison. U.S. firms control 75% of the computer market (providing police with great ability to control the movement of the Black majority: a Black person is arrested on a pass offense every 2.5 minutes. In one Bantustan, a computer system has been installed that classifies black workers as "trouble makers", "good boys", "trade unionists," etc.), 23% of the automotive market, almost 40% of the petroleum producers market, and a sizeable share of the electronics market. Funds from loans to the government, and taxes on corporations, as well as the input of foreign equipment keep the apartheid regime on track.

These firms are both unable and unwilling to put any significant pressure on the government. They are there at the pleasure of the

government, they are capital and labor intensive, and thus have influence over, at most, 2% of the population. If U.S. Corporations were a force for change, then things should have gotten better over the past 25 years - they are much worse. After 10 years of working diligently with corporations and bringing stockholder resolution with no success, the United Church of Christ concluded that this avenue is futile and that the only hope was full divestiture which they voted this June. In fact, former South African Prime Minister John Vorster himself stated, "each trade agreement, each bank loan, each new investment is another brick in the wall of our continued existence."

It is past time for that wall to come tumbling down! The repression is only getting worse, well over 700 people have died at the hands of the police in South Africa in the past 12 months alone.

We need to divest now, because, as Episcopal Bishop of ^{Johannesburg} S.A. and President of the S.A. Council of Churches Desmond Tutu said, it is the last chance to lessen a bloody transition in that country.

You need to be aware that action taken in the West Michigan area has an impact out of proportion to our size. This is do to the strong religious and ethnic ties people of this area have to the present South African government. The only city of a smaller size and the only mid-west city visited when the Eloff Commission from S.A. came to the U.S. to see if they could get away with action against bishop Tutu was Grand Rapids!

We need to divest now because those who are on the front lines, risking and losing their lives while we sit here are calling, begging for our support, by way of economic saction. Even though it is a treasonous offense, virtually all of the recognized leaders of the black people in South Africa are publically advocating divestiture. On Friday June 28, 1985 the South African Council of Churches voted to publicly advocate divestiture. On Monday July 1, 1985, the Rev. Dr. Allen Boesak, President of the World Alliance of Reformed Churches, Senior Vice President of the S.A. Council of Churches, a S.A. citizen stated in a public address at which I was present, "The Time has now come...to call for actions of economic prssure including disinvestmet because it is a peaceful means to put pressure on the South African Government to bring about those changes that our country needs so desperately." In 1984 Nobel Peace Prize winner Desmond Tutu claimed that those who invest in South Africa "are buttressing one of the most vicious systems." And just a few days ago, he called for full and immediate divestment. FOSATU, the largest federation of black trade unions declared in its 1984 International Policy statement: "It is FOSATU's considered view that the pressure for disinvestment has had a positive effect and should therefore not be lessened. FOSATU is definitely opposed to foreign investment that accepts the condition of oppression maintained by this regime."

The South African liberation movements have consistently called for divestment. As long ago as 1959 Nobel Peace Laureate Albert Luthuli, then president of the African National Congress, urged the international community to impose economic sanctions on South Africa. Steve Biko,

shortly before his death at the hands of the South African Police said, "It should be understood in Europe and in North America that foreign investment supports the present economic system of injustice."

Two concerns are often raised regarding divestment. One is that the investment portfolio will suffer, the other is that black people in South Africa are the ones who will suffer.

Regarding the value of the portfolio, much of the experience of divestment has shown just the opposite to be true. Michael S. Dukakis, Governor of Massachusetts stated in a letter in August 1984, "It has been our experience that divestiture makes not only a strong moral statement against apartheid but divestiture has proven to have had no significant impact on our pension earnings...Timely and careful divestiture can result in net increases in pension earnings." The Director of the Board of Pensions and Retirement for the city of Philadelphia stated in 1984 that: "We...consistently achieved or bettered our assumed actuarial investment return rate of 9% in our transactions divesting our portfolio of fixed income securities of firms doing business in South Africa."

The University of Wisconsin Trust Fund found that "divestment of South Africa-related stocks has not hampered or limited our ability to find suitable sources of investment." Michigan State University found in June 1980, within months of passing divestment resolutions, their portfolio had earned an additional \$1 million.

Joan Bavaria, President of Franklin Research Company, has pointed out that fears that divestment will prove costly are groundless. "Rather (studies) have shown that over time South Africa-free companies have outperformed the restricted stocks with a minimal amount of added risk." This has been borne out by studies conducted by Chemical Bank, the US Trust Co., and Trinity Investment Management Corporation.

Robert J. Schwartz, Vice President of Shearson/American Express, in an article entitled "Sell Holdings; Profit Otherwise" stated: "In size and economic importance the three largest American industries operating in South Africa are computers, automobiles and petroleum; and most American Institutional portfolios contain stock from seven major companies in these sectors, including GM, I.B.M., and Mobil. Yet few people realize how poorly these seven stocks have performed in the past decade: 1974 - 1984, they appreciated by only 29% while the Dow Jones industrial average rose 97%." He went on to cite a report issued by the Investor Responsibility Research Center in Washington D.C. which stated that holding stocks and bonds in South African related companies "injures portfolio performance."

In September 1984, the Connecticut State Treasurer, Henry Parker, reported that: "Connecticut has been able to earn money by selling the holding of socially irresponsible companies. Corporate America must take a strong stand against racism wherever it exists and our divestment law is an important incentive for them to do just that. What is more, we have shown that it is profitable to be socially responsible."

If you follow the "prudent man" theory of investment you might well

conclude, both on the basis of return and on the risk factor for corporations in South Africa, (I'm certain that I don't have to quote you those studies) that one should stay as far away from South Africa-related investments as possible.

I conclude with the matter of who will be hurt by divestiture. Black South African leaders are outraged that now, regarding investments, concern is voiced for their wellbeing when it has never been heard before. Because few are employed by U.S. companies in South Africa, as stated before, the impact will be minimal. There will, however, be some hardship on black people, yet black South Africans continue to advocate divestiture. They are South Africans, they are black, they are not stupid, they are not ignorant. They are determined to be citizens of their own land. Albert Luthuli: "The economic boycott of South Africa will entail undoubted hardship for Africans, we do not doubt that. But if it is a method which shortens the day of bloodshed, the suffering to us will be a price we are willing to pay." Steve Biko: "(the loss of foreign investment) would undoubtedly hurt blacks in the short run...We blacks are perfectly willing to suffer the consequences! We are quite accustomed to suffering."

Finally, Allen Boesak who is a moderate, a brilliant and profoundly gentle man, "If there are risks to be taken, we must take those risks. If there is pain, we must endure that pain, for, my brothers and sisters, if you have once seen a little child dying of hunger in the homeland in one of the richest countries on the continent, you will not ask whether an action toward disinvestment will make black people suffer first. If you had seen the eyes of mothers when their children are being shot to death in the streets when we all know that a Commission of Inquiry will officially exonerate the police and will once again say that no one is to blame, you will not ask whether your action will make us suffer. You will begin to understand, as a woman said on Friday in Johannesburg, the difference between suffering with hopelessness and suffering with hope. You will begin to understand that the vision we have is of a land of peace and justice...And we know that dream will not be given us as a present from an oppressive government, but that we shall have to struggle, that we shall have to fight, that we shall have to suffer for it."

I urge you to act positively on this resolution. We will be glad to supply you with lists of banks and corporations involved with South Africa and work with you in any other way needed.

Rev. Doug Van Doren
1316 Allerton, SE
Grand Rapids, MI

Sources:

Sell Holdings; Profit Otherwise", an article by Robert J. Schultz.

An Adress by Allen Boesak, July 1, 1985, Ames Iowa, U.S.A.

"South Africa: Questions and answers on Divestment", American Committee On Africa; 198 Broadway, New York, NY 10038 (212)