

"There's general panic in this state and across the country," one regulatory expert for a national cosmetics firm has acknowledged. "If the law is successful here, other states are almost certain to follow suit." But as Tom Wariner, California's Under Secretary of Health and Welfare, recently summed it up: "There are probably people who wish the proposition had never happened. . . . [But] I think the world is a different place post-Proposition 65." □

■ DISINVESTMENT AIN'T ENOUGH

Don't Do Business With Apartheid

PIPPA GREEN

A year ago I.B.M. told its U.S. shareholders that it had withdrawn from South Africa and sold its assets to a newly formed South African company, Information Services Management. At about the same time, full-page advertisements appeared in the South African press assuring readers that disinvestment did not mean I.B.M. computers would disappear from the South African market.

Disinvestment for General Motors, which sold its South African subsidiary to its local management, has also not meant an end to marketing the Opel cars and Isuzu trucks made under G.M. license in that country. And Ford, which sold its 42 percent share in the South African Motor Corporation (Samcor) late last year, still has its nameplates on many of the cars that come off the Samcor assembly line.

But now, as the season of annual corporate meetings approaches, a group of religious-institution and pension-fund shareholders are challenging Ford, I.B.M., G.M. and eight other U.S. firms for taking a business-as-usual attitude even after they have pulled out of South Africa. These shareholders, which include the Teachers Insurance and Annuity-College Retirement Equities Fund (T.I.A. = C.R.E.F.), the largest pension fund in the United States, are calling on the corporations to end trade, licensing, franchising and correspondent banking agreements with South Africa.

More than a hundred U.S. companies still maintain non-equity business ties and distribution networks in South Africa, according to Donna Katzin, a spokeswoman for the Interfaith Center on Corporate Responsibility (I.C.C.R.), which represents the religious-institution shareholders. "There has to be a way to cut off goods and services to the South African economy; otherwise the apartheid government will lick its wounds and find adjustment strategies," she said. And a U.N. report released in April notes, "The South African economy still has unrestricted access to trans-

national corporations' products and to much of the international technology it needs."

At I.B.M.'s annual meeting in Richmond, Virginia, on April 25, Katzin and nearly 10 percent of the giant corporation's shareholders backed a proposal that the company stop all its sales and services to South Africa — twice the proportion of shareholders who supported the same move last year. At Ford's annual meeting in Detroit on May 12, a similar resolution won nearly 6 percent of the votes cast. And G.M., which held its annual meeting on May 20, had three resolutions on its proxy statement, urging the severance of business links with South Africa, all of them backed by more than 12 percent of the shareholders. Supporters of the resolutions include the New York State Retirement Fund, T.I.A.-C.R.E.F. and several religious institutions. "This is a strong coalition, and all of us are committed to seeing these companies end ties with South Africa," said Timothy Smith, executive director of the I.C.C.R. "We have got enough votes to come back next year to push the same resolutions."

The protesting shareholders say they are no longer prepared to let companies that have formally pulled out of South Africa duck the question of continued economic involvement. "In the United States most people think that I.B.M. has withdrawn from South Africa and that's the end of the issue," said James Leas, one of six employee shareholders behind the proposal. "But it's not at all true. I.B.M.'s still shipping computers into South Africa at the same rate." Leas, an electronics engineer at I.B.M.'s Richmond plant, was backed by twenty-nine religious organizations that own stock in the company.

The religious-institution shareholders are particularly concerned about I.B.M.'s, Ford's and G.M.'s continuing links in South Africa because, they argue, the companies sell components and strategic technology used to bolster the apartheid system.

An I.B.M. spokesman said its products do not go to "apartheid enforcing agencies" like the police and the military. "We have required I.S.M., the South African company which sells I.B.M. products, to follow U.S. regulations "prohibiting U.S. firms from selling to the South African government," he said.

But, says Katzin, however noble its intentions, I.B.M. cannot guarantee that its computers do not end up in the hands of the government, nor that the military will not use I.B.M. technology. Indeed, that possibility is even more likely after the recent merger between I.S.M. and another South African firm, Reunert Computers, to form Technology Systems International.

Reunert, a subsidiary of the giant South African mining and industrial corporation Barlow Rand, is affiliated with Reutech, a major military electronics contractor. Although I.B.M. says that I.S.M. and Reunert Computers will operate independently, the church-affiliated shareholder group is concerned by reports that the two will cooperate in developing software and might pool other technological resources. "I.B.M. products and technology could be made available to Reunert Computers through I.S.M., and through them be provided to Reutech and its subsidiaries involved in military

Pippa Green has written for the Weekly Mail, an opposition weekly in South Africa, and for In These Times.

contracting," said Dick Leonard, an I.C.C.R. consultant.

Despite the U.S. sanctions, Ford and G.M. vehicles *are* sold to the South African government, including the police and military. Both Ford and G.M. have said that the components and technology in the cars produced under license in South Africa originate outside the United States and are not subject to the Comprehensive Anti-Apartheid Act of 1986.

General Motors, which supplies components for Opel cars through its German subsidiary and for Isuzu trucks through its associate Isuzu company, had a policy not to sell to the police and military before it formally withdrew from South Africa. However, since it disinvested, the Delta Motor Corporation, which took over G.M.'s South African subsidiary, has said it will abandon the policy.

Pam Kueber, a Ford spokeswoman, said that about 20 percent of the Fords made by Samcor under license are sold to the South African government. "The government writes a blanket order and Samcor does not have the ability to refuse specific orders. If the company was to take a stand and say, 'We're not going to supply the police and military,' they'd have to refuse to supply the government at all, and that's one-fifth of the business."

The companies say that were they to withdraw licensing and franchise agreements, the South African firms would fold, leaving hundreds of black workers without jobs. "We sold our South African company to a trust created solely for the benefit of our 1,500 employees, one-fourth of whom are nonwhite," said the I.B.M. spokesman. "It would have been an empty gesture to sell them the company and then deny them the opportunity to sell I.B.M. products."

Ford's Kueber said that if the auto maker were to end the licensing agreement with Samcor, "it would cause the collapse of the company and might affect up to 100,000 workers and their dependents." The highly competitive auto market in South Africa will not accept cars without a well-known brand name, and Samcor would lose the management expertise that Ford continues to provide, she said.

Although I.B.M., G.M. and Ford have said that withdrawing from South Africa completely would harm black workers, each company has handled its black work force in distinctly different ways. Ford came to an agreement with the representative black trade union, the National Automobile and Allied Workers Union (NAAWU), before it pulled out and gave the workers a 24 percent stake of the 42 percent share of Samcor that it divested — a move for which it is to be commended, Katzin says. The rest of the equity is owned by Samcor, a subsidiary of the giant mining conglomerate Anglo-American.

When G.M. announced in 1986 that it was disinvesting and selling its subsidiary to the local South African management, hundreds of black workers at its Port Elizabeth plant, fearing their jobs were in jeopardy, downed their tools and staged a sit-in at the factory. Bucking an established tradition of negotiations and consultations with the militant, representative black union, NAAWU, G.M. called in the police to evict the workers from its plant and fired 567 of them, mostly shop stewards.

Today, though, G.M. says its continued links to the former subsidiary preserve the jobs of some 3,000 workers, 60 percent of whom are black. "It's very easy to sit in the comfort and abundance of the U.S. and say that something is wrong," said George Schreck, G.M.'s manager of international public relations. "But any other course of action than the one we've taken would have been irresponsible to the workers and their 15,000 dependents."

The I.C.C.R. is not convinced by the companies' professed concern for the livelihood of black workers; G.M.'s response, in particular, said Smith, is "self-serving" because of the "savage way" in which it dealt with striking workers. I.B.M.'s argument "strains our credulity" because only about 23 percent of its South African associate's workers are black, and Ford, he says, used exactly the same arguments to oppose earlier calls for withdrawal. "The real point is that they are able to sell cars to the police and military, and I.B.M. is able to sell computers to help keep white business and the white minority government running," said Smith.

The shareholders' campaign is likely to be reinforced by a sweeping new sanctions bill currently before Congress. The bill, introduced by California Representative Ronald Dellums, not only mandates disinvestment of U.S. firms from South Africa within six months but bans virtually all trade between the United States and South Africa, including the export of U.S. goods and technology. U.S. goods are defined as any that are "the direct product of technology of United States origin" — a definition that could include G.M. components manufactured by its Isuzu associate, for instance. The bill also includes a provision obliging disinvesting companies to negotiate their withdrawal with South African workers and their representative trade unions.

The House Foreign Affairs Committee has approved the bill, which extends and strengthens most of the measures passed in the 1986 antiapartheid act. It is due to be voted on in the House within the next few weeks. Senators Alan Cranston and Ted Kennedy have introduced similar legislation in the Senate, which will be debated after the vote in the House.

Jim Cason, associate director of the New York City-based American Committee on Africa, said antiapartheid activists are "optimistic that we can get strong legislation out of the House by June." However, the bill does not have "adequate momentum in the Senate," he added. "We will just have to work harder."

There is the other pressure, too, on companies with business ties in South Africa, and that pressure is unlikely to wane, even if they have already disinvested. The City of Los Angeles, for instance, has boycotted I.B.M. computers for the past twenty months, and other cities are likely to follow suit, said Mark Fabiani, counsel to Mayor Tom Bradley.

"Those companies who have sold their assets in South Africa and think they are off the hook are in for a second think," said Katzin. "The vote at the I.B.M. shareholder meeting against sales to South Africa doubled since last year. G.M.'s vote this year was higher than ever. The bottom line is that all economic ties with South Africa must be severed." □