



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
RAYMOND L. FLYNN

March 20, 1985

Dear Mr. Crockett,

In January, at its annual meeting, the U.S. Conference of Mayors passed a resolution declaring that "we encourage the direct removal of any public funds by the cities of America now invested in institutions doing business with South Africa."

I am proud to have proposed and spoken in support of this resolution. As you well know the South African system of apartheid is repunant to our country's highest ideals. It is a system which no level of American government should support. By divesting funds from South Africa U.S. cities can strike a blow against this injustice.

I am writing to you because I know that you would interested to know that the majority of American mayors nave supported this divestiture resolution. If we can ensure that the recommendations of this resolution are acted upon, then the cities of America -- their mayors and their people -- can send a clear message that racism, wherever it exists, will not be tolerated by our country.

In the city of Boston last August I signed into law a sweeping divestiture ordinance. I have enclosed a copy of this ordinance and suggest that it be used as a model for divestiture laws in other cities. Thank you for your attention.

MAR 20 1985

DATE RECEIVED _____

REFERRED TO _____

FILED _____

DATE _____

BY _____

LOCATION _____

DATE OF RETURN _____

COMMENTS _____

Sincerely,

Raymond L. Flynn
Mayor of Boston

If you have any questions please call Frank Costello of my staff at: 725-3236

FOLLOW UP — BOSTON CITY HALL • ONE CITY HALL PLAZA • BOSTON • MASSACHUSETTS 02201 • 617/725-4000



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RAYMOND L. FLYNN

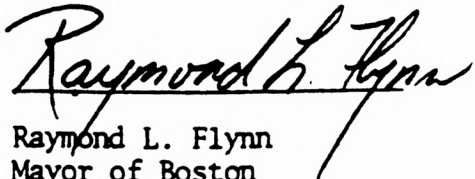
RESOLUTION ON DIVESTITURE OFFERED BY BOSTON MAYOR RAYMOND L. FLYNN

Whereas: The apartheid system which governs South Africa represents a system based on institutionalized discrimination and the violation of the human rights of more than 23 million South African black people; and

Whereas: The cities of America have an historic and vital interest in ensuring that the United States of America does all in its power to encourage the development of a government in South Africa that will have respect for the fundamental human rights of all its citizens; and

Whereas: It is inappropriate that the public funds of any American city be invested in any institution doing business with South Africa and thereby helping sustain the racist apartheid system and its inherently discriminatory economic order; NOW

Therefore: Be it resolved by the cities represented at this January meeting in 1985 of the U.S. Conference of Mayors at our nations capital, that we encourage the direct removal of any public funds by the cities of America now invested in institutions doing business with South Africa.


Raymond L. Flynn
Mayor of Boston
January 16, 1985



CITY OF BOSTON

IN THE YEAR NINETEEN HUNDRED AND

AN ORDINANCE

DIVESTING MUNICIPAL/PUBLIC MONIES FROM BANKS AND FIRMS
DOING BUSINESS WITH OR IN THE REPUBLIC OF SOUTH AFRICA
OR NAMIBIA

Be it ordained by the City Council of Boston, as follows:

1. SECTION ONE The Boston City Code, Ordinances 6, Section 155
2. is hereby amended by adding the following new section
3. thereafter.
4. "Section 155A No public funds under the care and custody
5. of the Collector/Treasurer of the City of Boston, as specified
6. in this chapter, shall be invested or remain invested, or be
7. deposited or remain deposited in any bank or financial institution
8. which directly or through its subsidiaries has outstanding loans
9. or existing lines of credit to the Republic of South Africa, or to
10. Namibia; or in any corporation doing business in the Republic of
11. South Africa or Namibia; or in any company or its subsidiaries
12. for the purpose of investment in the Republic of South Africa or
13. Namibia. No public funds shall be invested or remain invested in
14. the stocks, securities, or other obligations of any company doing
15. business in or with the Republic of South Africa or Namibia, or
16. whose subsidiary or affiliate does business in or with the Republic
17. of South Africa or Namibia. Any proceeds of sales required under
18. this section shall be invested as much as reasonably possible in
19. financial institutions or companies which invest or conduct business
20. operations in Boston so long as such use is consistent with sound
- investment policy. Before any public funds under this chapter can
- be deposited or invested in any bank or financial institution,
- corporation or company, each bank or financial institution,
- corporation or company must submit an affidavit to the Collector,
- Treasurer of the City of Boston certifying that it has no loans
- or existing lines of credit to the entities in the Republic of South

AN ORDINANCE

Africa and Namibia covered in Section 155A of this chapter. The affidavit shall require the bank or financial institution to notify the Collector/Treasurer of the City of Boston if it later enters into any loan or extends any line of credit to the entities in Section 155A of this chapter. These affidavits shall be available for public inspection."

SECTION TWO Notwithstanding the provisions of CBC, Ordinances 2, Section 752, this ordinance shall be published by action of the Council in passing the same.

In City Council JUL 11 1984

Passed *Yeas - Ten, Nays - three.*

[Signature] City Clerk

Approved JUL 26 1984

Raymond C. Lyall Mayor

More Municipalities Joining Drive to Cut South Africa Links

By COLIN CAMPBELL

Ten years ago it was mostly college students who protested South Africa's official system of racial separation by putting pressure on trustees to sell stock in companies that did business in South Africa. Now American cities and states are, more and more, restricting investments in South Africa.

Activists see municipalities, with billions of dollars invested in South Africa through pension funds and other assets, as a wellspring of wider political appeal for the divestment movement, which had already attracted churches, labor unions, entertainers and athletes.

Since it caught hold among cities in the late 1970's, the divestment campaign has prevailed in about a dozen small ones, often college towns such as Cambridge, Mass., and Berkeley, Calif. Then in 1982 Philadelphia passed a divestment ordinance. Last year Washington followed suit. Since July, Boston and New York City have instituted divestment policies that will require sale or transfer of nearly \$700 million in stocks and bank deposits.

So far, five states, Connecticut, Maryland, Massachusetts, Michigan and Nebraska, have also passed laws on divestment of South African holdings.

At the same time, support for Federal

legislation on curtailing investment in South Africa, while opposed by the Reagan Administration, is building in Congress. The House passed measures early this year to halt all new corporate investment in South Africa and require American companies to institute fair-labor practices and benefits for blacks in their South African operations.

The House provisions would prohibit bank loans to the South African Government, except to finance social welfare projects, and would prohibit importing South African krugerrands. "It represents the most far-reaching legislation to date," Representative Stephen J. Solarz, Democrat of Brooklyn, said yesterday. Mr. Solarz, a sponsor of the House measure, said it was tied up in conference with the Senate.

"But even if our bill should die, the effort to register our concern over conditions in South Africa will continue," he said.

Direct investment by American companies in South Africa is estimated by the State Department to total \$2.3 billion, which includes expenditures for factories, real estate and other uses but excludes bank loans and gold stocks. Other estimates, which include the loans and gold stocks, have placed the total American investment as high as \$14 billion.

Boston Recruits Others

Supporters see divestment as a way of exerting economic pressure to encourage change in South Africa's racial policies, while opponents, including the Reagan Administration, say such methods could hurt South Africa's economy in general and black workers in particular.

Last month Mayor Raymond L. Flynn of Boston wrote 100 mayors urging them to copy his city's sweeping divestment ordinance, which makes no exceptions for American companies that have signed principles calling for fair-labor practices. Those principles were devised seven years ago by the Rev. Leon H. Sullivan of Philadelphia, who is a director of General Motors.

Officials in Chicago, Los Angeles, Detroit, Seattle, Gary, Ind., and a few other big cities have replied to Mr. Flynn that they are considering comparable moves. At a meeting in New York Sept. 7, the executive committee of the United States Conference of Mayors endorsed the concept.

"What we do in Boston isn't going to change world politics," Mayor Flynn said in an interview last month. But he said his city had sent "a message."

"I think to me and to the people of Boston, the South African Government epitomizes oppression and discrimination," he said.

The Reagan Administration, while criticizing apartheid in South Africa, opposes divestment as a way of pressing for change there. The Administration argues that divestment could eliminate many jobs, health plans, schools, training programs and other opportunities for South African blacks.

Hundreds of American companies take the same view. So does the South African Government, whose representatives in the United States have devoted increasing attention to the issue.

South Africa's growing concern is epitomized in a 10-page advertisement, paid for by a group of major South African corporations, in the October issue of Fortune magazine. The advertisement acknowledges the "gathering momentum" for divestment and asserts that "a victory for U.S. Presidential candidate Walter Mondale in November could certainly see this campaign intensify."

Mr. Mondale has endorsed the House bill, aides said yesterday.

In a campaign appearance yesterday in Houston Mr. Mondale, as he had done earlier in St. Louis, outlined steps he said he would take to bring pressure on South Africa to end apartheid.

He told college students in both cities he would oppose loans from the International Monetary Fund unless South Africa showed progress in human rights, expand the existing ban on arms sales to include the police, prohibit the sale of krugerrands in the United States and terminate South African airline flights to the United States.

A poll of South African workers published Sunday indicated overwhelming resistance to divestment. Of 551 workers surveyed, 75 percent said they disagreed with the efforts. Of those, 54 percent said divestment would reduce the number of jobs, and 41 percent said divestment would harm blacks. The

survey for the South African Institute for Race Relations, which opposes apartheid, was paid for in part by the Reagan Administration.

When Americans sell South African

banks such as Citicorp and Manufacturers Hanover that are large lenders to South Africa, neither that nation nor the affected corporations necessarily lose. Other investors tend to pick up the slack. But if enough large multinational companies pull out, there is always a chance of significant losses. Perhaps more significantly, there is a chance of erosion diplomatic support.

Economic Concern in South Africa

South Africa's economy has been sluggish in recent years, and the Government at Pretoria was constrained in late 1982 to borrow \$1.1 billion from the International Monetary Fund. The vote to lend the money was close.

In a report, the fund later criticized apartheid as bad economics and called it "essential that the impediments and restrictions governing the labor market be eased."

The lesson of such developments, South Africa's critics say, is that it is susceptible to economic pressure.

Arguments against state and city divestment, include the contentions it is an imprudent way for states and municipalities to manage money, that it may damage American companies, that it may make strategic minerals less available and that it will help polarize South African politics into intransigent defenders of rule by the white minority and supporters of black revolution.

Meanwhile, the Reagan Administration has a policy of "constructive engagement" with South Africa that has resulted in less criticism of that nation from Washington, and fewer trade restrictions than prevailed under President Carter.

Campaigning in Texas yesterday, Mr. Mondale called Mr. Reagan's policy in South Africa a code for saying the heat was off.

Politics and Pension Funds

While municipal and state governments have in the past avoided introducing political criteria into the management of pension and other large funds, they have been influenced in recent years by consultants specializing in "socially responsible" investments.

Such investments have sometimes prospered. Officials in Connecticut and Michigan say they have suffered no financial losses, and in some cases have profited, as a result of their South African divestment.

"That really helped us, because people were saying that you can't divest without losing money," said Dumisani S. Kumalo, a South African who works for the American Committee on Africa in New York, a well-known proponent of divestment.

Recent divestment laws vary considerably in detail. Boston's is total. Connecticut's limits divestment to companies that sell to the South African military and police, or fail to sign the Sullivan principles, or, having signed, obtain less than a first- or second-place rating for their performance.