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Congress of the United States
House of Representatives
Washington, D.C. 20515

May 1, 1985

TS + file

Honorable Robert McCormick Adams
Secretary
Smithsonian Institution
1000 Jefferson Drive
Washington, D. C. 20560

Dear Mr. Adams:

At this morning's hearings before the House Administration, Task Force on Libraries and Memorials, you testified that 30% of the Smithsonian Institution's investment portfolio is devoted to "global initiatives". A detailed listing of the Smithsonian's ten largest common stock holdings reveals a sizeable foreign investment in firms engaged in business with South Africa. This is to request that the Smithsonian Institution stop this investment strategy and refrain from any activity which might further the practice of apartheid.

As you must know, South Africa is unique among nations. That nation's apartheid policies violate all notion of human rights. The 22 million South African blacks are denied every basic civil liberty while the white minority of 4 million receives 70% of the income and keeps 87% of the land for itself. Last year, the U.S. House of Representatives passed legislation banning and restricting American investments in South Africa. Both the House and Senate are expected to pass similar bills in this Congress.

From the U.S. standpoint, American economic investment in South Africa is not very large. Only 1% of our nation's total direct investment overseas is in South Africa. However, from South Africa's vantage point, U.S. investments, bank loans and trade play a much more significant role. At the end of 1983, individual and institutional U.S. investors owned about \$13 billion worth of shares in South African companies and about 20% of all shares traded on the Johannesburg Stock Exchange. As of June 1984, U.S. banks had \$4.5 billion in outstanding loans to South African borrowers while U.S. investors owned roughly 8% of all South Africa's fixed capital investments.

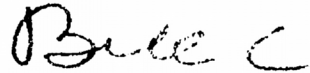
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Beyond a doubt, U.S. investors have had a significant impact on the pace and direction of social and political change in South Africa. As an establishment receiving ninety percent of its funding from taxpayers, the Smithsonian has an obligation to reflect American abhorrence of apartheid. I hope you will take action to prohibit the Smithsonian Institution's investment in companies which deal with South Africa's business sector and ensure that taxpayer dollars are not utilized to help support the South African economy.

Sincerely,



William L. Clay
Member of Congress

WLC/mb