

this national recognition of the magnificent efforts manifested by the foresight and expertise of the people of the city of Paterson and the lasting achievements that can be attained with people working together in a common endeavor.

We commend the supporters and administrators of the Memorial Day Nursery throughout these past 100 years with special commendations to the founders of the nursery, especially Mrs. Garret A. Hobart whose contribution of land and funds provided the necessary foundation to establish a quality day care center which truly serves as a lasting memorial to her daughter, Fannie Beckwith Hobart. They have sought and achieved a quality of excellence in our community which bespeaks the pioneering efforts of our forefathers and the traditions of a freedom loving people dedicated to the American principles of democracy and a good family life for themselves and future generations to enjoy. We do indeed salute the officers of the Memorial Day Nursery of Paterson in observance of the 100th anniversary of its founding.

THE APARTHEID PROFITS DISINCENTIVE ACT

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 22, 1987

Mr. LELAND. Mr. Speaker, during the August recess I, like many other Americans, was deeply concerned about the continuing turmoil in South Africa, particularly with respect to labor conditions in South African gold mines. I am sure we can all vividly recall the sight on our television screens of mine workers walking out and then being summarily fired under the apartheid laws that continue to permeate daily life in South Africa. News commentaries underscored, lest any of us could have forgotten, that the pay scales in South Africa are still grossly slanted and that the living and working conditions for many of the miners are simply inhuman.

On a level closer to home, I have also been deeply concerned during the past few weeks by press reports regarding mine strikes and the Newmont Mining Corp., an American company, and the recent Time article on the selling of America: all of these share a common link. Newmont is currently the largest producer of gold in the United States and recently announced that by next year it will be the largest producer of gold in North America and by 1990 will be the largest producer of gold outside of South Africa. South Africa's Anglo American Corp. currently exercises de facto control over Newmont through a complex web of interlocking directorships and cross minority interests which span the globe from Bermuda to Park Avenue. Even more disturbing than Anglo American's de facto control of Newmont is Newmont's recent press release indicating that Anglo American is aggressively seeking to gain direct control over Newmont's operations through the stock purchases of Consolidated Gold Fields, PLC, an intermediary company.

Anglo American employs 40 percent of South Africa's black miners and produced 39 percent of South Africa's gold in 1986. Thus, it was deeply involved in the recent mine

strike. Among the other concerns that I will be expressing, I fear that Anglo American's quest to gain direct control over Newmont, through its connection with Consolidated Gold Fields PLC, raises serious national questions.

Putting two and two together, it is clear to me that the profits generated in South Africa through the apartheid system are, under our very noses, being invested in the United States capital markets. In turn, there is every opportunity for South African businesses to benefit from the labor of American workers while these same businesses profit from the apartheid system. The degree to which this may be taking place should be made the subject of congressional hearings—a point I will return to later.

Why are South African profits being invested in United States capital markets? It is apparent that South African businesses are reacting to the political and economic instability in their country, withdrawing capital and investing in similar businesses in more stable business environments such as the United States and Europe. In short, they are attempting to dilute their exposure to the political and economic pressure that the free countries of the world are bringing to bear on the apartheid system. It is particularly ironic that some of these large business interests are partly responsible for perpetuating the apartheid system and creating the political turmoil which causes capital flight.

This is a serious problem for two reasons. First, by permitting this to occur we are weakening our leverage to bring political stability to South Africa. If we required the beneficiaries of the apartheid system to invest more of their money in South Africa we could, in effect, force them to stabilize that country and to face and deal with South Africa's pressing social problems. As events currently stand, those South African companies that have ignored and resisted efforts to reform that country's racist system are being allowed to hedge their bets against strikes and other forms of economic upheaval that have become the last resort of those who are victimized by that system.

Second, the fact that moneys generated under the apartheid system can be invested in the U.S. capital markets indicates that there is a major loophole in the Anti-Apartheid Act. The act prohibits United States nationals from making any new investment in South Africa, even if such an investment would help eradicate the apartheid system. Yet, South African companies benefiting from apartheid can continue to invest in the United States. There should be a minimum standard for entering the United States capital markets to screen out those entities that attempt to enter the market with dirty hands. At a minimum, all South African mining interests should be forced to abide by the spirit of the Anti-Apartheid Act before they invest in the United States capital markets.

Accordingly, we need to close the loophole in the Anti-Apartheid Act and create a disincentive to profit from the apartheid system. We can accomplish these objectives by moving quickly to deny South African mining interests access to the United States capital markets. Specifically, no South African mining interest should be able, directly or indirectly, to invest in United States corporations until apartheid practices end at their mines. I am

introducing legislation, the "Apartheid Profits Disincentive Act," to achieve that goal.

I wish to point out at the onset that this legislation is not intended to prevent a Johannesburg doctor from buying 10 shares of IBM. To the contrary, the goal of this legislation is simply to prevent those mining interests that enrich themselves through practices proscribed by the Anti-Apartheid Act from investing in the U.S. capital markets.

It is no accident that it is difficult to trace investments in the United States by South African mining interests. The Newmont Corp. is a case in point; at first blush it appears that South African interests do not control Newmont, since Gold Fields' interest in Newmont is only a minority interest. It is only through piercing several corporate veils that we are able to determine that such minority interests are sometimes the greatest interest in a company and are often joined by other South African interests. Therefore, I am interested in the immediate initiation of congressional hearings to determine the extent to which South African mining interests invest in and, in some cases, control United States companies and the extent to which the profits of such companies are being invested in South African companies which benefit from the apartheid system.

In conclusion, I wish to emphasize that I propose using a carrot, not a stick, to end apartheid. I believe strongly that this is the direction in which we must go. By closing the United States capital markets to those South African mining interests which most greatly benefit from the apartheid system, we can strike a blow at the roots of that system.

Mr. Speaker, I urge all Members of Congress to join me in supporting this legislation and working toward its speedy enactment.

THE ARMS CONTROL AGREEMENT

HON. MICHAEL DeWINE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 22, 1987

Mr. DeWINE. Mr. Speaker, the arms control agreement reached between the United States and the Soviet Union is an historic achievement. It has paved the way for increased cooperation between our two countries. This agreement is the first arms control agreement ever to actually reduce the number of nuclear weapons in our possession. Previous agreements only controlled the number of weapons we could add to our nuclear inventories.

In addition, there are very important lessons to be learned by the manner in which this agreement was negotiated. The administration formulated the zero option back in 1981. Since that time, the United States firmly maintained that it would not remove its missiles until the Soviet Union removed their much larger forces. The administration stuck with the proposal, even through the Soviet walkout in 1983. Now, 6 years later, we have an agreement because of the administration's determination to stick by its original proposal. I believe this demonstrates that firmness brings positive results. The fact that this agreement has been reached at all demonstrates that