RESOLUTION 85-17

To Urge Indiana University to Divest Itself of Holdings in Corporations with Interests in South Africa

WHEREAS, the economic, social and political system of South Africa officially incorporates Apartheid, a doctine of racial separation under which rights and obligations of individuals are defined according to their race; and

WHEREAS, the principles of Apartheid run counter to beliefs generally held in the United States and the City of Bloomington supporting human rights, civil liberties and equality of opportunity; and

WHEREAS, Indiana University, through the I.U. Foundation, holds considerable investments in companies with interests in South Africa; and

WHEREAS, Indiana University, as a major component of the Bloomington economy, introduces into our community money which has contributed to the support of the Apartheid system:

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

The Common Council of the City of Bloomington urges Indiana University to divest itself as soon as possible from investments in companies with interests in South Africa.

Dated this 15 day of May, 1985.

Patricia A. Gross
Patricia Gross, President
Bloomington Common Council

SIGNED and APPROVED by me upon this 17th day of May, 1985.

Tomilea Allison
Tomilea Allison, Mayor
City of Bloomington

ATTEST:

Patricia Williams
Patricia Williams, City Clerk

SYNOPSIS

This Resolution, co-sponsored by Councilmembers Service, Murphy, and Foley, urges Indiana University to divest itself as soon as possible from investments in companies with interests in South Africa.

P E T I T I O N

TO: BLOOMINGTON COMMON COUNCIL MEMBERS

FR: MEMBERS AND FRIENDS OF THE MONROE COUNTY CHAPTER OF THE NAACP

RE: Common Council Resolution 85-17, To Urge Indiana University to Divest Itself of Holdings in Corporations with Interests in South Africa

At our meeting of the local NAACP Chapter, Monday night, May 7, 1985, members in attendence voted unanimously to prepare this petition urging each of you, members of the Bloomington Common Council, to vote in support of and to pass Resolution 85-17 urging Indiana University to divest itself of holdings in corporations with interests in South Africa.

This resolution is in accord with the position of the NAACP, nationally and locally. We deem it highly appropriate that the Bloomington Common Council take the initiative to demonstrate moral and political leadership on this urgent issue.

Attested by the undersigned members and friends of the NAACP:

Ernest D. Butler
Jon G. Walter
Don Manning-Miller
James Lopesthet
Gene T. Shipp
Cordell Johnson
Iry Lewis
Fred Clark
Mary Ice
Mary D. Forest

Rose M. Dawson
Cynthia Renee Oday
Fred D. Croney, Sr.
John Benson
Elma J. Norris
Clarence M Gilliam II
Catherine B Croney
Frances Gilliam
Andrea Ousley
Clarence W. Gilliam, Sr

IU AND THE QUESTION OF DIVESTMENT: THE MORAL BANKRUPCY OF A HIGHER EDUCATION INSTITUTION.

In June of 1976, Black workers and students of South Africa defied bullets and death and took to the streets to protest apartheid. The fascist government of South Africa responded by mowing down hundreds of people in cold blood. Inspired by their gallantry, students across the U.S. joined a growing movement in support of freedom in S.A. and an end to U.S. involvement in that country. A group of concerned students here at I.U. joined hands with that movement and demanded the withdrawal of university stock in companies that do business in S.A. In 1977, these corporations came up with the Sullivan Principles, a code of conduct for businesses in apartheid land. Like other institutions, I.U. was quick to justify its continued investments by pointing to the Sullivan Principles. Let us briefly look at these principles and their criticism. They call for:

1) Non segregation in the work place
2) Equal pay for equal work
3) Equal and fair employment practices for all employees
4) Training of Blacks for better jobs
5) Increasing Blacks in supervisory positions
6) Improving conditions of Blacks outside the work place

Most student groups have rejected the principles, labeling them an attempt to hide the true nature of U.S. corporate support for apartheid. Some called them too little, too late. In the abstract the principles make unobjectionable reading. The catch lies in what they exclude rather than what they include. There is no demand for Black political rights or any change in the fundamental structure of apartheid, and, closer to home, no commitment to negotiating with or recognizing black trade unions. The fact that the "principles" were endorsed by the S.A. government gives a clear indication of how far they fall short of presenting any challenge to the system.

There can be no equality of opportunity in a country where people on the basis of skin color are excluded from education; are forced to live in crowded hostels, away from their families; are constantly arrested under a battery of special laws which control their movement; where complaining about a job may lead to dismissal and even being sent to rural areas where there are no jobs. There can be no equality of pay in a country where blacks are barred from holding the same jobs as whites.

Another criticism of the Sullivan principles is that they fail to consider the structure of U.S. corporate investments in South Africa. U.S. companies employ less than 1% of South Africa's total black labor force since these companies are so highly capital intensive. Critics point out that more important than the dollar value of investments is their strategic significance. The U.S. investments are in the most vital sectors of the apartheid economy: in automobiles, computers, oil, and others. A 1978 Senate Foreign Relations Committee Report says: The net effect of American investments has been to strengthen the economic and military self-sufficiency of South Africa's apartheid regime.

I.U., like other institutions, called on companies in which it held stock to adhere to these principles, and stated that non-compliance would lead the university to sell its stock in those companies. Companies have failed to adhere to the principles and not a word has come from I.U. A quarter of the signatories of the principles did not report on their activities. Of those that did report, a third received the lowest possible rating. Facilities were still segregated in all but one company. There has been little training of black workers and there has been no improvement in the benefits they get. All records show that U.S. compnies have done nothing that was required by the Sullivan Principles and this university must know that; if they don't, they are choosing not to find out. Their practice exposes the worth of their preachings.

We are protesting Indiana University's investments, through the I.U. Foundation, in companies with interests in South Africa. As of December 1984, these investments amounted to more than 3.5 million dollars, constituting 14% of the Foundation's total investment holdings.

Because I.U. is a state-funded institution, <u>all</u> Indiana residents, including I.U. faculty and staff, as well as <u>all</u> students, are affected by and can affect future action concerning this issue. Come and join our protest. Let's talk about these issues: our voices need to be heard NOW.

Sponsored by: Free South Africa Coalition
International Committee Against Racism (InCAR)

from Economic Action Against Apartheid by Brooke Baldwin and Theodore Brown 1985 published by "The Africa Fund", associated with The American Committee on Africa

Complete report in Council Office

THE FINANCIAL IMPLICATIONS OF DIVESTMENT

Reports are arriving daily from Johannesburg, Soweto, Cape Town, of demonstrations, riots, and killings of black demonstrators by the police. After decades of protest against the racist socio-economic system of Apartheid, that system is now being profoundly challenged.

Any argument for divestiture of American capital from South Africa must begin with the financial one. It is simply not prudent to invest large sums of money in such a destabilized political situation. The risk of losing one's investment increases with each day.

The rationale for an American company to continue its investments in such a destabilizedd market is either a risk/reward decision that the potential return on such an investment is worth the extraordinary risk, or top level managemnt simply misreads the volatility of the investment.

An institutional investment fund should avoid such a company in either case. A portfolio manager is primarily concerned with the safety of the assets under his control, and the risk taken by corporate management, by investing in South Africa, is simply too great for the typical institutional fund.

The goal of this study is to examine the prudence of divestment from American companies doing business in South Africa for major institutional stock portfolios. The study will analyze the various types of risk associated with the divestment question; it will examine the financial performance, during the last five years, of South Africa invested securities (SAI) versus South Africa free (SAF) securities, as well as other performance questions; and it will report on the various divestment laws in place and their various investment implications. It will conclude with a few recommendations for future divestment action.

RISK

Webster's defines risk simply as a possibility of loss or injury.

For an investment fund, risk is the possibility that a stock selection will misfire resulting in an actual loss of asset value or in underperforming the market averages. The latter point is important since most professional money managers are judged based on their performance relative to such market averages as the Standard and Poors (S&P) 500.

QUALITY: There are three major types of risk relevant to the divestment question for portfolio managers. First is the company quality risk, an analysis based on a company's growth and stability of earnings, its product and industry position, corporate resources and management policies.

Standard and Poors Corporation, one of the most highly regarded investment analysis firms, has a ranking system of quality for common stocks based on the factors identified above. The rankings represent sophisticated analysis and are as follows:

A+ Highest	B+ Average	C Lowest
A High	B Below Average	D In Reorganization
A- Above Average	B- Lower	

Generally, a major investment fund concerned with risk limits its investment selections to the "investment grade" rankings of A- or better. Of the 285 companies listed by the Investor Responsibility Research Center in December, 1984 as having operations in South Africa, only 108 were ranked A- or better. This was down from the 124 that had such high rankings in 1980. Since most investment managers would not invest in companies with rankings of lower than A-, reducing their potential investment universe by 108 companies does not pose much of a burden.

LIQUIDITY: A major argument presented by those opposed to divestment is that the South Africa-free (SAF) investment universe is made up of significantly smaller and therefore riskier companies. They point to market liquidity as an especially acute problem. The idea is that large funds move massive blocks of stock and if they are forced to invest in smaller market capitalization (value) companies, their activities will actually alter the market for that stock, resulting in less than optimal results.

While this would be true if the SAF market did indeed consist of small capitalization issues, reality is different. This study found 270 SAF companies in 1980 that had an S&P ranking of A- or better and a market value of $100,000,000 or more, offering adequate liquidity for funds of all sizes (assuming that a fund is not allowed to own more than 5% of company's common stock, as with most large funds).

Some argue that the forced sales of South Africa-invested (SAI) securities will depress the price of the stocks to be sold, but there is little reason for this to happen. Huge blocks of stock are traded daily by such institutional brokerage houses as Soloman Brothers, Goldman Sachs, and Lehman Brothers with no discernable impact on the market. Just recently, 1 million shares of IBM were sold in a single transaction valued at $125+ million without affecting the market in any significant fashion.

The only real risk is that of timing and market rumors. If a major fund is forced to sell a security in a very short period of time, rumors that such a sale is going to take place will likely circulate throughout the markets. Savvy traders will probably sell out their own positions, thereby depressing the value of the shares. A longer time period for divestment would solve this problem and allow a good manager to work around the volatility of the stock markets.

COUNTRY RISK: As was discussed in the opening paragraphs of this paper, a major risk to the portfolio is the volatility of the political situation in South Africa. Investors in nuclear power are keenly aware of the importance of political issues to the performance of their investments. While most companies operating in South Africa are sufficiently large that they are not likely to go bankrupt because of revolution in South Africa, the stock market does not treat uncertainty well. The mere perception that a company might lose its investment in South Africa is often enough to depress the price of the company's stock. Therefore, given the politcal trends, a portfolio manager would be well-advised to be divesting as soon as possible, with or without a law forcing him to do so.

FINANCIAL PERFORMANCE

The critical issue for any investment portfolio is this - given a certain level of risk, what is the total return on invested funds? A number of studies have been done on the impact of divestiture using such hypothetical models as the S&P 500 unconstrained by any divestment restrictions versus a SAF S&P 500 (U.S. Trust, 1982). That particular study found that there was little difference between the risks and performance of the two portfolios.

Other studies have attempted to construct a portfolio of SAF securities that are designed to track closely the S&P 500 market index (Rudd, 1979 and CEP, 1980). Both of these studies found that the South Africa-free portfolios incurred slightly higher risks due to the decrease in portfolio diversification. This finding was statistically insignificant and probably irrelevant given that most institutional portfolios consist of holdings of 50-75 different stocks, and few, if any actually hold all 500 companies in the S&P index (The University of California has 1/2 of its $4 billion equity portfolio invested in only 14 different stocks, less than optimal diversification, to say the least).

A few studies (Daniels and Bell, 1982; Capital Management Sciences, 1982; U.S. Trust, 1982) examined the actual performance of the State of Connecticut under its divestment laws. The Daniels and Bell study indicated that the SAF portfolio substantially outperformed unconstrained portfolios with no neggative risk impact. The U.S. Trust and Capital Management Sciences studies indicate that there is higher risk associated with a South Africa-free portfolio but that returns are substantially higher. The Capital Management Sciences' interpretation of its results focused heavily on the risk question, although statistically, they were not very much higher.

Most of the studies have generally concluded that there is a slightly higher risk to a divested investment portfolio, due largely to the smaller market capitalization of SAF stocks and reduced diversification. They also generally agreed that the potential return on a South Africa-free portfolio is substantially higher than for an unconstrained portfolio.

COMPARATIVE ANALYSIS: No study analyzed the performance difference between portfolios of relatively balanced quality and sufficient liquidity, one South Africa-invested, the other Soouth Africa-free. This study does exactly that. The purpose of such a straight up, simplified analysis is obvious - by comparing the actual results of two different portfolios with comparable quality and liquidity one gets a clearer picture of the financial implications of divestment.

This study pulled a listing of all common stocks with a ranking of A-or better from the January, 1980 Standard and Poor's Stock Guide. The SAI companies were separated from the rest (there were 124) and to balance the study, the 124 largest (market capitalization) SAF companies were also separated (see Appendix A & B). The stock price movements and dividend payments were then tracked from the beginning of 1980 through the end of 1984, a five year period in which the stock markets were extremely volatile. Investors suffered from the deepest recession since the 1930's, and enjoyed the greatest bull market rally in history.

The results generally agree with most of the other studies on divestment - a South Africa-free portfolio substantially outperforms its counterpart with slightly higher, but probably irrelevant risk.

The total return (dividends plus price appreciation) figures show that the SAF portfolio had an average total return of 20.75%, which was a 29.2% better performance than the SAI portfolio total return of 16.06%.

The average BETA for the SAF was 1.07, or 7% more volatile than the S&P 500, and for the SAI, .98, or 2 % less volatile than the S&P 500. The 9% difference in volatility is only marginally significant.

Finally, the average market value of the two portfolio's shares in 1980 are quite different, with the SAI having an average value of $2.4 billion and the SAF one of $1.5 billion. Such figures are somewhat skewed by the extraordinary size of such SAI giants as IBM at $37.5 billion and Exxon at $24.9 billion, but there can be no doubt that the market capitalization of SAI companies is, in general, substantially larger than the SAF companies. This study contends that the figures are irrelevant. The average SAF market size of $1.5 billion, or even the smallest size in the study of $486 million (Allied Stores) poses no threat to liquidity.

TRANSACTION COSTS: Much has been made of the extra costs that would be incurred from the brokerage fees charged during the divestment process. This is essentially a non-issue. One partner in a national brokerage firm called it a smoke-screen issue, designed to hide the typical investment manager's distaste for the politics of divestment.

One study (Wilshire Associates, 1984) pointed to past estimates that transaction costs could amount to as much as 23.8 % of the value of the trade. They also reported that, on average, a fairly sizeable trade of $250,000 would incur round trip (buying and selling) fees of 1.3% on large capitalization companies.

In fact, a review of the pricing mechanisms today show that the fees charged amount to nothing like 1.3%. At the highest end, the fees for such a transaction are unlikely to exceed 1%. The only time one might see outrageous transaction costs of 23% is when a private investor buys a small number of shares of a penny (less than $1) stock at a full service retail brokerage firm. Institutions operate in an entirely different manner and generally solicit bids from a number of different brokerage firms, firms that will buy the entire block at one time with very small per share charges.

Others have argued that ownership of smaller capitalization issues will require more trading than normal. Since institutions generally are much more active in the markets than private investors, with an average annual turnover of anywhere from 25 to 75%, according to Dr. Robert Schwartz, Vice-President of Shearson Lehman/American Express, any additional trading would melt easily into the annual number of transactions

DIVESTMENT LAWS

A few brief comments are appropriate on differences in the divestment laws in effect or under consideration. Some of the laws require total divestment from the securities of all companies engaged in business in South Africa, either directly or through loans. There is no reason, other than unskilled management, for such a total exclusionary policy to have a negative impact on the performance of a fund.

The other type of divestment law is represented by the State of Connecticut. Their law directs the Treasurer to disinvest all state funds invested in companies doing business in South Africa that do no meet three specific guidelines:

1) Corporation must be a Sullivan Principles signatory with a rating in the top two categories.
2) Corporation does not supply strategic products and services for use by the South African government, police or military.
3) Corporation must recognize the right of all South African workers to organize and strike for economic and social objectives.

These guidelines are likely to necessitate increased expenditures for research. While the first guideline's data is provided by the Arthur Little & Co. accounting firm, the other information is not as readily available.

Most of the laws have liberal divestment time frames. The proposed legsilation for the State of Wisconsin, for example, allows 3 years for divestment, while the City of Berkeley, Calif. requires the redepositing of public monies "with all prudent haste". Again, such time restrictions should allow plenty of time for even the most conservative portfolio manager to divest successfully.

A problem arises, though, when the divestment time frame is too short. The University of Massachusetts, for example, voted to divest within a 90 day time period. While this constraint posed few problems for UMass' $2.6 million fund, a $2.6 billion fund is likely to have much more difficulty with such a limitation, given market timing questions, pre-emptive action by other investors, and general unfamiliarity with the issues among most money managers.

A few laws, such as that proposed for the State of Maryland, require not only divestment, but also require that funds be invested within the state, for development purposes. While this goal is most applaudable, a problem for reinvestment may be the relative dearth of alternative investment vehicles to soak up the divested funds. This is an arena which requires further analysis.

CONCLUSION AND RECOMMENDATIONS

Change comes very slowly to Wall Street. Most investment professionals are extremely conservative and resistant to any alteration in their way of doing business.

The divestment movement brings radical, overtly political ideas into the conservative, covertly political institution of the stock market. But money talks, and the evidence clearly shows that divestment policies can be financially beneficial for even the largest portfolios.

While divested portfolios tend to be slightly riskier from a purely market perspective, the increased risk is well within the "prudent man" constraints all managers work under. The potential increased rate of return and the political risk of remaining invested in destabilized South Africa are sufficient to warrant full divestment.

APPENDIX A:
SOUTH AFRICA-FREE SECURITIES

COMPANY NAME	S&P RANK 1980	PRICE 12/30/79	MKT VAL 12/30/79 000's	DIVS* 80-84	PRICE* 12/30/84	TOTAL % RETURN ANNUAL AVG 80-84	BETA 80-84
Allied Chem	A-	49 1/8	$1,417,894	12.00	51 3/4	5.9	0.82
Allied Stores	A+	23 7/8	$485,816	10.50	49 1/2	30	0.64
Alum Co Amer	A-	54 7/8	$1,929,240	14.90	74	12.4	1.06
AMAX	A-	45 5/8	$2,406,810	6.05	16 1/4	-9.8	1.57
Amer Brands	A	67 7/8	$1,813,213	33.93	128 1/2	28	0.73
Amer Broadcast	A	39 1/4	$1,091,621	8.00	63 1/8	16	0.78
Amer Natl Res	A	47	$1,083,679	16.23	58 7/8	12	0.86
Amer Standard	A-	54 1/4	$745,829	18.10	60.75	9.1	1.09
AMP Inc.	A	40 1/4	$1,455,440	6.22	100 1/8	33	1.14
Anheuser-Busch	A	22 1/2	$1,015,605	7.12	72 1/2	51	0.21
Archer-Daniels	A-	30 7/8	$1,071,053	.95	28 3/8	-1	1.05
Atlantic Rchfld	A	80	$9,221,600	23.60	88 1/4	7.9	1.18
Auto Data Proc	A-	35	$531,510	4.78	78	27	0.94
Avon Products	A	39 3/8	$2,368,288	12.45	21 7/8	-2.6	0.96
Becton-Dickinson	A+	34	$678,606	5.09	39 5/8	6.3	1.03
Big Three Indus	A+	42 1/4	$849,521	6.36	41 3/4	2.8	0.93
Boise Cascade	A-	33 7/8	$901,007	9.25	40 5/8	9.4	1.52
Burlington Nthn	A-	56 1/8	$709,139	8.92	188	50	1.7
Cameron Iron Wks	A-	74	$703,074	4.62	37 1/2	-8.6	0.99
Campbell Soup	A	30	$989,010	10.80	69 1/2	34	0.25
Capital Cities	A-	48 5/8	$650,748	1.00	164 5/8	48	1.12
Champion Intl	A	23 7/8	$1,203,754	4.64	22 1/4	2.7	1.37
Clark Equipment	A-	38 3/8	$501,676	8.53	24 7/8	-2.6	0.83
Colt Industries	A-	43 7/8	$564,584	18.58	103	35	0.94
Combustion Engn	A	59 1/4	$967,849	16.5	64 1/4	7.2	1.32
Consldatd Foods	A-	26	$767,156	10.98	63 1/2	37	0.48
Consol Nat Gas	A-	40 5/8	$795,884	19.16	83 1/2	31	0.42
Contl Telephone	A-	16 1/8	$815,667	7.75	22 1/4	17	0.59
Corning Glass W	A-	56	$991,480	11.11	69	8.6	1.23
Crown-Zellerbach	A-	43 1/2	$1,105,509	8.48	33 7/8	-.5	1.34
Dana Corp	A-	25 3/4	$839,733	8.33	40	18	0.78
Dayton-Hudson	A	42 3/8	$1,003,949	8.60	126	44	0.95
Delta Airlines	A	39 1/8	$777,844	3.73	87.25	27	1.45
Digital Equip	A-	68 7/8	$2,796,738	nil	110 3/4	12	1.42
Disney Corp	A+	44 7/8	$1,449,148	5.32	59 7/8	9.1	1.14
Donnelley & Son	A	27 7/8	$515,827	7.48	98	56	1.12
Dover Corp	A+	31 3/4	$566,801	6.57	68 1/2	27	1.38
Dow Jones & Co	A	40 1/4	$624,922	10.88	167	68	1.22
Eaton Corp	A	25 5/8	$666,916	7.16	53 1/8	27	1.27
Eckherd (Jack)	A+	27 5/8	$652,116	6.63	43 1/8	56	1.17
Emerson Elec	A+	35 1/8	$2,107,430	10.24	69 1/2	25	1.19
ENSEARCH	A	29 1/8	$862,770	10.92	31 1/2	9.1	1.19
Ethyl Corp	A	28 7/8	$541,724	7.85	64	30	0.99
Fedrtd Dept Strs	A+	27 5/8	$1,334,094	10.28	51 5/8	25	0.75
Fort Howard Pap	A+	45 3/8	$610,430	11.16	118 1/4	37	0.94
Gannett News	A	47 7/8	$1,663,034	12.89	105 3/4	30	1.03
General Mills	A+	25	$1,255,675	8.84	50 7/8	28	0.74
Genuine Parts	A+	23 5/8	$651,105	6.26	47 5/8	26	0.96

COMPANY NAME	S&P RANK 1980	PRICE 12/30/79	MKT VAL 12/30/79 000's	DIVS* 80-84	PRICE* 12/30/84	TOTAL % RETURN ANNUAL AVG 80-84	BETA 80-84
Georgia-Pacific	A	26 3/8	$2,595,300	4.85	25	2.6	1.48
Gould Inc.	A+	23 1/4	$645,443	7.56	21 1/8	4.7	1.39
Grainger	A	37 3/8	$526,838	5.61	57 3/8	14	.99
Gr Nthn Nakoosa	A	32 1/8	$511,526	9.80	54.75	20	1.01
Halliburton	A+	85	$4,998,425	17.40	57	-4.2	1.43
Harris Corp	A-	32 7/8	$861,489	4.24	27 1/8	-.9	1.46
Heinz (H.J.)	A+	40 1/2	$906,755	16.28	129	52	0.75
Helmerich/Payne	A	41 7/8	$528,128	2.90	40	.4	1.74
Hilton Hotels	A	31 5/8	$822,124	8.02	57 5/8	22	1.46
Holiday Inns	A-	18	$576,000	3.94	43 3/4	33	1.31
Hosp Corp Amer	A-	44 1/2	$864,947	4.88	113 1/4	33	1.55
Houston Nat Gas	A	40 1/4	$1,553,288	8.14	40 3/4	4.2	0.93
Interco	A	39	$557,973	14.24	59 3/4	18	0.74
InterNorth	A+	58 1/2	$1,301,801	21.01	84 1/2	16	1.3
Jim Walter	A	30 1/4	$485,845	7.13	39 7/8	11	0.88
Kaneb Services	A	23 1/8	$488,701	4.19	9 1/4	-8	1.5[illegible]
K-Mart	A+	23 3/4	$2,917,331	5.14	35 1/4	14	0.89
Knight-Ridder	A	26	$826,358	5.11	58.5	29	0.95
Koppers	A	27	$703,701	5.80	18	-2	1.22
Kroger Co	A-	19	$521,445	8.64	39 1/4	30	0.83
Levi Strauss	A	36 3/8	$1,508,908	7.94	25 1/4	-2	1.09
Louisiana Land	A	46 1/4	$1,756,806	7.20	31	-3	1.12
Macy (RH)	A	54	$562,464	10.48	184	52	0.87
Mapco	A	36 5/8	$689,429	7.65	26 1/8	-2	.3
Masco Corp	A+	25 1/2	$650.786	4.16	56	27	1.52
May Dept Stores	A+	24	$696,816	9.49	57 1/8	36	0.87
McDonald's Corp	A-	43 3/8	$1,743,588	6.17	116 1/8	36	0.83
Mcdonell Douglas	A-	36 1/2	$1,371,123	6.07	72 1/4	23	1.43
Mead Corp	A-	24 3/4	$638,501	7.70	34 1/4	14	0.87
Melville Corp	A	27 1/2	$687,968	10.26	74 1/2	42	0.86
Murphy Oil	A-	85	$1,056,125	12.75	78	1.3	1.33
Natl Distil/Chem	A-	28 3/4	$898,955	10.80	26 1/8	5.6	0.52
Northern Telecom	A	43 3/8	$1,457,096	5.40	102 3/8	29	1.59
Northrop	A	41 1/8	$584,510	10.80	105 3/4	37	1.5
Northwest Indus	A-	34 7/8	$1,045,971	13.55	49	16	0.82
Ocean Drill/Expl	A-	86 1/4	$1,086,664	17.75	88	4.5	1.51
Owens-Corning Fib	A	28 1/2	$868,737	7.40	32	7.6	1.22
Owens-Illinois	A	20 1/4	$576,153	9.26	40 1/4	29	0.82
Pacific Lumber	A	47 1/2	$571,900	15.20	49 3/4	7.3	1.38
Panhandle Estrn	A+	60 7/8	$1,114,560	24.31	74 1/2	12	1.04
Penny (J.C.)	A-	26 1/2	$1,832,078	11.86	46 3/8	24	0.8
Pennzoil	A-	44 1/8	$2,190,806	12.30	44 1/2	5.7	1.39
Phillip Morris	A+	36	$4,482,144	13.08	80 5/8	32	0.93
Pillsbury	A+	35	$701,085	13.40	89	39	.56
Pioneer Corp	A	33 1/2	$616,769	11.25	62 1/2	24	.22
PPG Industries	A	28 7/8	$936,445	14.01	65 3/4	35	.17
Quaker Oats	A	28 3/8	$562,166	10.73	76 1/4	41	0.67
Ralston-Purina	A+	11	$1,187,271	4.48	35 3/4	53	0.25
RCA	A	22 1/8	$1,656,167	8.17	36 1/8	20	0.38
Safeway Stores	A-	35 1/2	$927,154	16.7	54 1/4	20	0.71
Schlumberger	A+	93 3/4	$11,918,062	11.43	85 3/4	.7	1.16

COMPANY NAME	S&P RANK 1980	PRICE 12/30/79	MKT VAL 12/30/79 000's	DIVS* 80-84	PRICE* 12/30/84	TOTAL % RETURN ANNUAL AVG 80-84	BETA 80-84
Scott Paper	A-	18 1/4	$709,706	6.02	34 5/8	25	1.3
Sears, Roebuck	A	18	$5,720,544	8.54	31 3/4	24	0.84
Snap-On Tools	A	26 7/8	$531,104	5.12	34 3/4	9.6	0.98
Southland Corp	A+	28 3/4	$658,835	6.53	40 5/8	13	0.82
Standard Oil Ind	A+	78 7/8	$11,939,860	29.40	105 3/4	14	1.45
Sun Co.	A	69 7/8	$4,126,189	24.15	92 1/4	13	1.22
Syntex	A-	41 1/8	$688,803	13.33	97 1/4	34	1.15
Tektronix	A-	59 7/8	$1,090,444	5.49	57 3/4	1.1	1.48
Texas Eastern	A+	66 1/2	$1,670,946	17.00	59	2.8	1.14
Texas Instru	A	88	$2,009,776	12.00	119 1/2	9.8	1.46
Texas Oil & Gas	A-	30 5/8	$1,323,000	2.66	71 1/2	28	1.48
Textron	A+	26 3/8	$871,114	10.75	33 7/8	14	1.09
Time Inc	A	47 1/2	$1,064,000	10.93	85 1/2	21	1141
Times-Mirror	A	36 1/2	$1,237,752	11.08	80 3/4	30	1.33
TRW Inc	A	38 3/8	$1,127,765	14.65	72 1/2	25	1.03
Union Camp	A	42	$1,020,138	17.13	70 3/4	22	1.32
Union Pacific	A+	72 1/4	$3,447,842	9.55	40 7/8	-6	1.78
United Telecom	A	19 3/4	$1,322,974	10.12	22 1/4	13	0.64
Unocal	A	44 3/4	$3,876,469	10.43	74	18	1.5
Wal-Mart Stores	A-	34 3/4	$524,551	2.41	227 1/4	112	1.21
Westvaco	A	30 5/8	$517,226	10.20	55 7/8	23	1.08
Weyerhauser	A-	31 3/4	$3,975,830	7.58	29 1/8	3.1	1.17
Whirlpool	A	18 3/4	$678,694	9.85	46 1/2	40	0.93
Winn-Dixie Strs	A+	27 3/8	$655,303	12.97	53 1/8	28	0.34
Woolworth	A-	25 1/8	$736,389	10.50	37	18	0.62
TOTALS AND AVGS			180,148,400,000			2573.4	132.16

1980 avg market value= $1,452,809.7
annual average Total Rate of Return= 20.75
average BETA 1980 - 1984= 1.07

*Dividends and prices adjusted for relevant stock splits.

NOTE: Average market value divided by 124 companies.

Sources: Standard and Poors Stock Guide Jan 1980 - Year End 1984
Daily Graphs - NYSE and AMEX Week Ending Feb 15, 1985}

Market Value: represents the price of the common stock multiplied by the number of shares outstanding (thus potentially available to be traded).

BETA: Defines the stock's sensitivity to the movement of the general market in either direction over the last five years. A Beta of 1.5 means that over the past five years, the stock moved 50% greater than the S&P 500, either up or down depending on the direction of the market.}

APPENDIX B:
SOUTH AFRICA-INVESTED SECURITIES

COMPANY NAME	S&P RANK 1980	PRICE 12/30/79	MKT VAL 12/30/79 000's	DIVS* 80-84	PRICE* 12/30/84	TOTAL % RETURN ANNUAL AVG. 80-84	BETA 0-84
Abbott Labs	A+	41 1/8	$2,480,578	9.4	83 1/2	25	1.00
Air Prods/Chem	A+	36 3/4	$1,040,246	5.15	46	7.8	1.25
Allis-Chalmer	A-	35 5/8	$428,726	5.50	5 7/8	-13	1.85
Amer Cyanamid	A	34	$1,625,880	10.28	50	15	1.08
Amer Express	A+	29 7/8	$2,129,759	14.85	75 1/4	40	1.37
Amer Home Prod	A+	27 1/4	$4,244,515	12.29	50 1/2	26	0.63
Amer Hosp Sup	A+	31 1/2	$1,176,746	7.03	43 1/8	12	1.39
Amer Intl Grp	A+	59 1/2	$2,238,449	3.77	127 1/4	24	0.88
Armco	A-	25	$1,098,675	6.62	9 3/4	-6	0.95
Ashland Oil	A	40 1/8	$1,219,118	12.60	24	-2	1.45
Automa Switch	A-	45 3/4	$186,888	7.72	96	25	0.64
Avery Intl	A	18	$162,198	5.12	64	57	0.99
Baker Intl	A+	53 1/2	$1,753,356	7.77	33 1/4	-10	1.52
Bausch & Lomb	A	38 1/2	$447,244	8.21	51 1/2	11	0.64
Baxter-Traven	A+	47 1/2	$1,607,257	3.78	52 1/2	3.7	1.01
Beatrice Co	A+	20 1/2	$1,974,888	8.57	28	16	0.51
Black/Decker	A+	23	$966,069	4.06	23 1/2	3.9	0.98
Boeing	A	30 5/8	$3,248,252	12.60	85	44	1.43
Borden	A+	23 7/8	$742,966	12.97	64 3/4	45	[illegible]52
Borg-Warner	A-	35 7/8	$744,047	16.65	85 1/2	37	[illegible]30
Bristol Myers	A+	37	$2,421,317	13.41	104 3/4	44	0.66
Bucyrus Erie	A	20	$408,240	4.51	14 3/8	-1	1.11
Burroughs	A+	78 3/8	$3,219,096	14.85	56 3/4	-2	1.10
CBI Indus	A-	38 1/4	$696,188	8.75	25	-2	1.05
CBS Inc	A+	52 3/8	$1,456,811	16.85	72 3/8	14	1.07
CPC Intl	A	60 3/8	$1,436,382	22.82	80	14	0.77
Carnation Inc	A+	25	$932,975	9.18	81 1/2	52	0.78
Caterpillar	A	54	$4,666,410	11.22	31	-4	1.15
Celanese Corp	A-	47 3/8	$683,053	22.85	81 1/8	24	0.65
Champion Spark	A	10 1/8	$386,775	3.98	8 1/4	4.1	0.75
Chese-Ponds	A+	22	$709,522	9.36	33 5/8	19	0.70
Chevron	A+	56 3/8	$9,636,630	25.30	62 1/2	11	1.33
Coca-Cola	A+	34 1/2	$4,262,716	14.36	62 3/8	24	0.58
Colgate-Palm	A	14 3/8	$1,177,399	7.05	24 7/8	28	0.45
Cooper Indus	A-	60 7/8	$908,012	14.84	56 3/4	3.5	1.37
Deere & Co	A+	39 1/8	$2,374,418	9.35	29 3/4	0	1.20
Diamond Sham	A-	31 1/2	$1,666,098	10.11	17 3/4	-2	1.32
Donaldson Co	A-	19 7/8	$102,396	3.81	17 1/2	1.4	1.10
Dow Chemical	A	32 1/8	$5,814,850	10.25	27 1/2	17	1.20
Dr Pepper	A	11 7/8	$239,875	2.99	21 3/8	21	[illegible]A
Dresser Indus	A	52	$2,018,640	8.36	18 1/4	-10	[illegible]48
Dupont	A-	40 3/8	$5,842,989	16.15	49 1/2	13	[illegible]20
Dun & Bradstr	A+	43 7/8	$1,223,542	15.43	131 1/4	47	0.97
Eastman Kodak	A+	48 1/8	$7,776,509	20.15	71 7/8	18	0.76
Eaton corp	A	25 5/8	$666,916	8.77	53 1/8	28	1.27
Echlin	A-	15 1/2	$247,287	3.39	25 1/8	17	0.85
Emery Air Fr	A+	16 5/8	$261,628	4.73	17 3/8	6.5	1.30

COMPANY NAME	S&P RANK 1980	PRICE 12/30/79	MKT VAL 12/30/79 000's	DIVS* 80-84	PRICE* 12/30/84	TOTAL % RETURN ANNUAL AVG. 80-84	BETA 80-84
Emhart Corp	A	31 1/4	$376,938	14.76	59	27	0.95
Exxon Corp	A+	55 1/8	$24,982,925	34.30	90	25	0.69
FMC Corp	A	26	$835,172	10.10	56 3/8	31	0.91
Ferro Corp	A	20 7/8	$158,149	7.14	24 3/8	10	0.97
Foote/Cone/Bel	A-	24	$170,112	11.50	51	32	0.69
Foster Wheel	A+	26 1/2	$446,578	4.85	11 1/8	-8	1.36
Fruehauf	A-	27 3/4	$338,606	9.55	34	11	0.65
Gelco	A-	29 3/4	$200,366	7.72	25 1/8	2	1.52
Genl Electric	A+	50 5/8	$11,458,209	20.00	113 1/4	33	0.92
Genl Foods	A	33 5/8	$1,679,401	13.40	55 7/8	21	0.68
Genl Signal	A	37 5/8	$895,701	8.84	47	9.6	1.11
Gilette	A-	26 3/8	$796,655	12.60	56 5/8	32	0.5
Grace & Co	A	40 1/2	$1,795,730	14.90	39 3/4	6.9	1.36
Hewlett-Pack	A+	59 1/8	$3,482,876	2.30	135 1/2	27	1.48
Honeywell	A	83 1/4	$1,850,398	15.50	126 1/2	14	1.29
Illinois Tool	A	25	$305,675	6.59	56 1/2	30	0.74
IT&T	A-	25 1/2	$2,921,484	13.64	29 3/8	14	1.07
Ingersol Rand	A	52	$986,232	18.40	45 1/2	4.6	1.14
IBM	A+	64 3/8	$37,554,701	21.87	123 1/8	25	0.78
Intl Flav/Frag	A	19 5/8	$719,256	5.71	28	14	0.55
Interpublic Gr	A	33 3/8	$147,618	10.12	68 3/4	27	0.43
Johnson/Johns	A+	79 1/4	$4,843,047	16.51	108 3/8	12	0.89
Joy Manufact	A-	30 5/8	$398,707	11.84	37 3/4	12	1.11
Kellogg	A+	18 7/8	$1,442,597	8.96	40	32	0.52
Kimberly Clar	A+	40 3/4	$953,672	13.33	95 1/4	33	0.76
Lilly (Eli)	A+	59 3/4	$435,452	15.08	66	7.1	0.66
Loctite	A-	32 1/4	$314,953	3.46	34	3.2	1.12
Lubrizol	A	55 1/8	$1,091,916	9.68	42 3/4	-1	1.12
Marsh/Mclenan	A+	70 3/8	$980,465	24.20	118	20	0.68
Martin Mariet	A	46 1/2	$1,161,012	15.73	100 1/8	30	1.80
Medtronic	A-	69	$527,298	6.44	54	-2	1.15
Merck & Co	A+	72 1/4	$5,439,703	15.60	94	10	0.72
Midland-Ross	A	27 3/8	$319,849	7.23	17 7/8	-2	0.88
MMM	A+	50 1/4	$5,897,541	18.10	78 5/8	18	0.91
Mobil	A+	55	$11,667,865	22.40	54 1/2	7.9	0.99
Monsanto	A-	59 5/8	$2,146,738	23.35	88	17	1.01
Motorola	A-	51 1/8	$1,591,726	9.32	101 1/4	23	1.49
Nabisco	A	21 7/8	$704,375	11.55	53 3/4	40	0.28
Nalco Chem	A	34 1/2	$685,756	11.88	53	18	1.25
Norton Co	A	33	$541,926	10.83	35 7/8	8.3	1.20
Parker-Hannif	A+	28	$401,940	8.46	47 1/4	20	1.39
Parker Pen	A+	15 1/8	$254,629	2.79	15 5/8	4.3	0.72
Pennwalt	A	31 3/4	$271,907	13.20	39	13	0.86
Pepsico	A+	24 7/8	$2,258,650	8.66	42 7/8	21	0.57
Perkin-Elmer	A+	42	$825,468	5.24	52 1/4	7.3	1.51
Pfizer	A+	39 1/4	$2,865,643	11.16	84 1/2	29	0.71
Phillips Petrl	A	48	$7,412,544	12.15	44 3/4	3.7	0.96
Raytheon	A+	67	$2,100,115	14.80	80 1/4	8.3	1.36
Revlon	A+	45	$1,500,390	10.35	34 1/2	0	0.86
Rexnord	A	16 5/8	$324,819	4.79	14	2.6	0.77
R.J. Reynolds	A+	34	$3,439,066	15.92	72	32	0.85

COMPANY NAME	S&P RANK 1980	PRICE 12/30/79	MKT VAL 12/30/79 000's	DIVS* 80-84	PRICE* 12/30/84	TOTAL % RETURN ANNUAL AVG. 80-84	BETA 80-84
Robins (A.H.)	A	8 7/8	$231,682	3.16	19 7/8	32	0.82
Rohm & Haas	A-	48 1/8	$622,489	16.28	127 3/4	40	[illegible].24
Schering Plou	A+	30 3/8	$1,615,555	9.65	36	10	[illegible].52
Searle	A-	18 7/8	$993,221	3.12	64 7/8	52	0.91
Smith Intl	A	69 3/4	$704,894	8.23	21	-12	1.64
Smithkl Beckm	A	62 7/8	$3,822,800	13.01	52 1/4	.75	0.86
Sperry Corp	A+	50 1/2	$1,804,567	10.70	41 5/8	.72	1.50
Square D	A	23 1/4	$555,419	10.32	39 3/8	23	0.94
Squibb	A+	37 3/4	$1,721,475	7.71	53 7/8	13	0.63
Stand Oil Ohio	A	88 1/4	$10,442,093	24.42	84	4.5	1.33
Stanley Works	A-	41 7/8	$506,813	8.93	51 3/4	8.9	0.96
Stauffer Chem	A	22 1/2	$986,377	7.83	17 1/2	2.5	0.97
Sterling Drug	A+	20	$1,204,880	6.03	28 7/8	15	0.35
Sybron	A-	16 5/8	$158,652	6.42	19 1/2	11	0.90
Tenneco	A	38 3/4	$3,997,334	15.59	37 7/8	7.6	1.25
Texaco	A-	28 7/8	$7,836,559	16.37	34 1/8	15	0.94
Timken Co	A+	51	$571,404	16.70	52	6.9	0.87
Twin Disk	A-	18 1/2	$66,914	5.91	16 7/8	4.6	0.45
Union Carbide	A-	42	$2,769,774	19.50	36 3/4	6.8	1.05
U.S. Gypsum	A-	31 1/2	$501,196	14.85	59 3/8	27	1.09
United Tech	A	43	$1,790,821	11.75	72 1/2	19	1.47
Upjohn	A+	47 1/4	$1,406,066	12.55	70 1/8	15	0.77
VF Corp	A	21 1/2	$199,477	15.73	106 1/2	94	1.08
Warner Comm	A-	49 3/8	$982,958	9.33	61 1/8	22	[illegible]4
Warner Lambrt	A	20	$1,592,320	7.23	34 3/4	22	0.72
Xerox	A+	62 1/8	$5,226,266	16.95	37 7/8	-2	1.16
TOTALS			$297.967,090		1992.02	120.94	

1980 avg market value$2,402,960.40

average Annual Total Return 16.06%

average BETA 1980-1984 0.98

*All dividends and prices are adjusted for relevant stock splits.

NOTE: Average market value divided by 124 companies.
Average BETA divided by 123 companies.

Sources: Standard and Poors Stock Guide Jan 1980 - Year End 1984
Daily Graphs - NYSE and AMEX Week Ending Feb 15, 1985
Foreign Investment and South Africa, IRRC, December 1984

Market Value: represents the price of the common stock multiplied by the number of shares outstanding (thus potentially available to be traded).

BETA: Defines the stock's sensitivity to the movement of the general market in either direction over the last five years. A Beta of 1.5 means that over the past five years, the stock moved 50% greater than the S&P 500, either up or down depending on the direction of the market.}

APPENDIX C

Divestment actions on South Africa by US colleges and universities

	SCHOOL	AMOUNT DIVESTED	YEAR
○	Amherst	$1,300,000	1978-82
●	Antioch	(Not released)	1978
○	Boston University	6,600,000	1979
○	Brandeis	350,000	1979
○	Brown	4,600,000	1984
○	California, Univ. of at Berkeley	4,000,000	1979
○	Carleton College	295,000	1979
●	City University of New York	10,000,000	1984
○	Colby	900,000	1980
○	Columbia	2,700,000	1979
●	Hampshire	40,000	1976
○	Harvard	50,900,000	1981
○	Haverford	(Not released)	1982
○	Howard	1,800,000	1978
●	Lutheran School of Theology	(Not released)	1981
●	Maine, University of	3,000,000	1982
●	Massachusetts, University of	600,000	1977
○	Eastern Michigan University	2,500,000	1980
●	Michigan State University	7,200,000	1979-80
○	Michigan, University of	306,117	1979
●	Western Michigan University	200,000	1983
○	Mount Holyoke	459,000	1981
○	New York, State Univ. of at Oneonta	80,000	1978
●	NYU Law School Student Bar Assoc.	11,000	1978
○	Oberlin	(Not released)	1980
○	Ohio State	250,000	1978-79
●	Ohio University	60,000	1978
●	Oregon State Schools	6,000,0000	1977-78
○	Pennsylvania, University of	800,000	1983
○	Rutgers	(Not released)	1980
○	Smith	697,728	1977
○	Swarthmore	2,200,000	1981
○	Tufts	100,000	1979
●	Assoc. of Students, UCLA	25,000,000	1980
○	Union Theological Seminary	4,000,000	1980
○	Vassar	6,500,000	1978
○	Wesleyan	367,000	1980
○	Williams	700,000	1980
●	Wisconsin, University of	11,000,000	1978
○	Yale (First divestiture)	1,600,000	1979
○	Yale (Second divestiture)	4,100,000	1984

TOTAL DIVESTMENT ●   PARTIAL DIVESTMENT ○

Source: American Committee on Africa

+ Dartmouth