sures has been varied.

The foundations announced by Coca-Cola in March and Mobil in April are designed to promote educational and economic opportunities for blacks. Coca-Cola put an initial $10 million into the Equal Opportunity Funds, and Mobil's subsidiary in Cape Town appropriated about $20 million to establish the Mobil South Africa Foundation. The Atlanta-based soft drink producer reduced to 66% last year, and plans a further drop to in its South African affiliate 40%. It provides jobs to about 4,200 South Africans. Mobil's wholly-owned South African marketing and refining subsidiaries employs 3,100 people.

General Motors has announced a cut-off in sales of vehicles to the South African military and police. The announcement, by company Chairman Roger Smith at the annual shareholder meeting on May 23, said the decision followed negotiations to insure that the cut-off would not deny GM sales to other South African government agencies.

GM had steadily opposed a ban on military and police sales, arguing as recently as last month in its proxy statement against a shareholder resolution demanding the cut-off that the action "would seriously jeopardize and possibly result in termination of General Motor's operations in South Africa."

But the negotiations with the government apparently resolved this point, and although the resolution was rejected by stock owners, GM announced the move. The GM subsidiary employs over 4,300 workers.

Ford, the second largest American automaker, last year reduced its stake in South Africa—and its public profile—by selling over half its interest in its Port Elizabeth operation to the locally-owned South African Motor Corporation (SAMCOR). Ford now holds about 42% of the equity in SAMCOR, which employs more than 7,000 people.

The number of companies withdrawing from the country is accelerating rapidly, according to a new study by the Washington-based Investor Responsibility Research Center (IRRC). Withdrawals totalled 38 in 1985, up from seven in 1984. Another dozen firms are considering similar action, or have already pulled out, this year.

Does it cost more to stay or go? Corporations choosing to remain in South Africa are launching costly campaigns to justify their decision. / *Africa News*

Most of those ending their business ties with South Africa were small investors, but four—Blue Bell, Carnation, General Electric, and PepsiCo—had at least 500 employees.

U.S. direct investment in South Africa climbed steadily for 15 years, from $90 million in 1966 to a peak in 1981 of $2.6 billion. "Since 1981, however, a combination of a declining South African economy, a change in government regulations that from 1982 to 1985 made it easier to withdraw investments from South Africa, and a stronger dollar have led to a drop," the IRRC reports. The Commerce Department says direct investment at the end of 1984 was $1.8 billion and dropped an estimated $500,000 more during 1985.

The profitability of South African investments has also declined markedly, the study says. "From a 31% after-tax rate of return during 1980, an extremely good year for the South African economy, American companies realized an average return of only 7% in 1982 and 1983, and in 1984 experienced losses equal to 9% of the book value of their direct investments."

While company pronouncements about their involvement in South Africa and the prospect for political and economic improvement have generally been upbeat in the past, in recent interviews the chairmen of Xerox and IBM and Eastman Kodak—all key investors—have expressed doubts about their companies' future in the country.

"I am not optimistic about South Africa, although I would say they have made some changes," Xerox's David Kearns told the Rochester *Times-Union* last month. "I don't know whether we'll stay or not. We're not packing our bags, clearly. But I think if we go through the rest of 1986 and there really isn't any progress at all down there—and you add no progress in South Africa with building of economic pressure in the United States, mainly the urban communities who say we're not going to do business with you— ... we might pull out."

John F. Akers of IBM told *The New York Times* in April: "The economic activity there is worse than it was a year ago, the economic pressure in the United States is heightened, and Mr. Botha is too slow," referring to the reforms undertaken by State President P.W. Botha. "If we cannot have as successful a business remaining in South Africa as we would have leaving, then I think we have no choice than to leave."

Eastman Kodak Chairman Colby Chandler told the Rochester paper his company still planned to stay in South Africa, but "there's a limit to how long you can just tolerate this kind of activity."

Xerox, with assets of about $26 million, is one of the largest American investors in South Africa. Rank Xerox, in which the U.S. parent holds a 51% stake, employs about 790 people. IBM South Africa has 1,900 employees, while Kodak's two South African subsidiaries employ 650.

Last year, 80 chief executives of the largest U.S. firms operating in South Africa issued public calls for major changes in apartheid policies and took out ads publicizing similar actions by leading South African companies. The U.S. Corporate Council on South Africa, headed by Burroughs Corporation Chairman W. Michael Blumenthal and GM's Roger Smith, has held several unpublicized meetings with European and South African executives and generally maintains a low profile for its activities.

A larger group, the 196 firms subscribing to Rev. Leon Sullivan's corporate conduct principles, is also committed to "work to eliminate laws and customs which impede social and political justice." In Congressional testimony in April, Mobil Oil's Sal Marzullo, speaking for the Sullivan signatories, said, "American companies have become more public in their advocacy of change." They have called for equal access for all South Africans to education, health care, housing, and the judicial system, and for "the restoring and entrenching of the rule of law," Marzullo said.

Last month, Sullivan wrote to each of the businesses that adopted his code, asking them to adopt "corporate civil disobedience" to step up the pressure for change in South Africa. He said the companies should use their legal and financial resources to assist black access to all amenities, to "actively challenge" apartheid laws, and to expand their Sullivan-related employment advancement programs for blacks.

A year ago, Sullivan said that U.S. firms should withdraw from South Africa "if apartheid is not actually and in fact statutorily abolished" by mid-1987.

Controversy Over the New Foundations

"To date, U.S. Sullivan companies have spent more than $158 million in areas of health, education, community development, training, housing and black entrepreneurship," Mobil's Marzullo told the House Africa subcommittee.

According to the latest report on the Sullivan signatories, prepared by Arthur D. Little Company, the companies spent 25 million rand—about $14 million—on housing, health and welfare, and civic and recreation programs between October 1984 and October 1985, and another 14 million