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CORPORATE WITHDRAWAL CUTS POTENTIAL STATE DIVESTMENT IN HALF

Recent corporate decisions to withdraw their assets from South Africa, highlighted by last week's announcements by General Motors, IBM and Honeywell, have cut in half the amount the state would have to divest under administration backed bills, state Treasurer Robert Bowman said Monday. The GM and IBM decisions alone mean the state pension funds could hold onto approximately \$1 billion in investments, Mr. Bowman said, as the total amount that now would have to be divested has fallen from approximately \$3.2 billion to \$1.6 billion.

The corporate pullout announcements should make the legislation easier to pass in the Senate, where they have been awaiting action since the House passed the two measures last spring, Rep. Virgil Smith (D-Detroit), sponsor of HB 4770, said. But Sen. Harry DeMaso (R-Battle Creek), chairman of the Economic Development, Trade and Tourism Committee, which considered the bills, said there was a chance the Senate would not even act on the measures when it returns following the November elections.

The GM and IBM decisions to sell their South African operations would constitute a withdrawal from that country as defined under the bills, even though the two companies would continue to sell products and parts in South Africa through intermediaries, both Mr. Bowman and Mr. Smith said. The two bills would require that a company sell its assets in South Africa, or the state pension funds would have to divest its holdings in that company because of its racist apartheid system.

In some local governments across the country, discussions are now underway on whether GM and IBM's departures really are withdrawals from South Africa as their products would continue to be sold there. Under the definitions developed by some governments, GM and IBM stock would still have to be divested because they would still allow their products in the country.

"Ours is not that strict," Mr. Smith said. "I was happy to see the pull out. They will send parts, but they will not have access to capital in South Africa. I'm for measured pain, and I think South Africa is undergoing measured pain, and I hope its enough to convince them that we can't sanction what goes on there." And Mr. Bowman said a stricter definition of withdrawal would be unfair to the companies. "Why should we penalize the producing plants because they sell to someone who then turns around and sells to South Africa," he said.

Along with GM and IBM, other companies in which pension funds are invested which have announced their intention to withdraw include General Electric, General Telephone and Electronics, and Motorola.

"It's nothing surprising," Mr. Bowman said. He said he had always anticipated that the amount the state would have to divest would decline as businesses left the troubled African nation. Businesses see holding assets in South Africa as a financial risk, Mr. Bowman said.

Pressure on corporations to withdraw, as the U.S. government imposed sanctions, western European nations imposed sanctions, and other states, including California, have announced plans to divest, has grown, he said. And with GM and IBM pulling out, "the monkey is on the other guy's back," Mr. Bowman said. "Before, it was why are you pulling out. Now it will be why are you staying in. The focus will be on every company which is still active there."

Mr. Smith said the GM and IBM withdrawals, and the amount of money they will free from the state requirement to divest, should make the two bills easier to pass in the Senate. "I'm certainly going to leap on it" and push the Senate to act, he said.

But Mr. DeMaso said the bills might not be acted on in this session because "I understand the leaders have said there are no pressing matters to complete for the rest of the legislative year." He has not heard from leaders on whether they intend to act on the bills, which are on the general orders calendar. There is a chance they could be referred to the Appropriations and Retirement Committee for review, he said.

"I would like to see the bills debated, and voted up or down, but I would wait to hear from the leaders," Mr. DeMaso said. The bills, if passed, would take effect June 1, 1987. Under the measures, the state would have five years to divest all its holdings in corporations still owning assets in South Africa. If the bills are not passed this session, they would have to be reintroduced next year.

After GM and IBM, the largest holdings the state has in any corporation owning assets in South Africa is in Ford Motor Company. The state has \$180 million in holdings in that company, which owns 40 percent of a facility in South Africa. The state also has \$198 million in holdings in Citibank, \$130 million in Chase Manhattan, and \$11 million in Mobil Oil. Among other large Michigan companies holding assets in South Africa, the state has \$35 million invested in Federal-Mogul.

BLANCHARD, LUCAS PLAN RALLIES AS CAMPAIGN HEADS TO FINAL WEEK

Polls showing Republican gubernatorial candidate William Lucas almost hopelessly out of the race should not be trusted, 1984 GOP candidate for the U.S. Senate Jack Lousma said Monday. Meanwhile, Mr. Lucas released a poll showing support for his proposal to declare a "crime emergency" in Detroit, and both he and Governor Blanchard are planning a series of rallies and campaign appearances as they enter the final full week of the election.

Mr. Lousma said the Detroit News poll in his race two years ago underestimated his strength 10-20 percentage points, and was a factor in his loss to U.S. Sen. Carl Levin. The final pre-election poll showed him 20 points behind, but he lost by 4 percentage points. Mr. Lucas, however, was 30 percentage points behind in the most recent Detroit News poll, a margin that even a 20-point error could not overcome.

Mr. Lousma, a former astronaut who now runs a consulting firm in Ann Arbor, said "polls do a disservice to the election process if they are not professionally done. It is likely the News polls are inaccurate."