

REPORT OF THE AD HOC COMMITTEE ON INVESTMENTS IN COMPANIES WITH OPERATIONS IN SOUTH AFRICA

November 30, 1984

Summary

The committee makes four recommendations:

1. The University should convert its temporary "freeze" on investments into a continuing policy. The University should at the same time reaffirm its 1978 principles, in the light of subsequent events in South Africa.

2. The Trustees should take the lead in organizing other universities and similar institutions for a coordinated policy against apartheid. Such a consortium should attempt to mobilize the influence of the business community and the U.S. government to help bring political and economic democracy to South Africa by peaceful means. Such a consortium should also plan to develop a coordinated investment policy which, by requiring strict adherence to tightened and updated Sullivan Principles, would help erode apartheid and bring significant improvement in the lot of blacks in South Africa. Any company that does not meet the requirements of the consor-
tial policy should be targeted for divestment.

3. The President and the Trustees should establish a permanent, broad-based committee to report regularly on University policy toward South Africa including investment in companies operating in South Africa and the use of its shareholder-interests against apartheid.

4. The University should initiate a major program, supported by substantial resources, to study the political and social problems of southern Africa and

to promote education for change there.

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The committee believes that the policies recommended would be an appropriate expression by the University of abhorrence for the policy of apartheid and of support for the efforts of all civilized people to help bring about important improvement in the lot of non-white South Africans through significant steps towards democracy and equality in South Africa.

The committee believes that the steps recommended may well lead to policies of total divestment and other actions by this and other universities and by public bodies and institutions in the United States, if the government of South Africa continues to respond to the legitimate demands of its non-white citizens with violent repression and total denial of their human rights to equal opportunity and political economic democracy.

The four recommendations cannot be separated without losing the force of this argument. By simultaneously committing to a freeze on investments, leadership in strengthening the Sullivan conventions, leadership in the development of consor-
tial investment policy and expansion of the University's own resources in African affairs, we believe the Trustees can best apply Columbia's total resources to the most rapid and complete ending of apartheid in South Africa.

History

This report is the latest in a series of exchanges which have formed a con-

structive dialogue between the Trustees and the Senate on the thorny problem of including moral considerations in a prudent investment policy.¹

In 1977 this dialogue led the Trustees of the University to ask the Senate to assemble an ad-hoc committee to recommend policy on University investment in corporations doing business in South Africa. In 1978 the Trustees of the University accepted the majority report of the Senate committee, and issued a six-point statement of principles:

- (1) The University will divest itself of holdings and withdraw deposits in financial institutions which provide new or continuing access to capital markets for the government of South Africa, and which do not announce their intention to cease such activities;
- (2) The University hereby advises the corporations in which it invests of its concern for the liberties and equal employment opportunities of non-whites in South Africa and its intention to ascertain the policies of each of the corporations in these and related areas;
- (3) The University will divest itself of holdings and will not invest in corporations which after inquiry respond in a manner manifesting indifference, through act or omission, to the prevailing racial policies in South Africa;
- (4) The University will make clear to each of the corporations in question its readiness to consider on a case-by-case basis whether or not to support stockholder resolutions which
 - a) oppose further expansion of capital investment in South Africa pending modification of apartheid policies;
 - b) mandate cessation of direct dealings with the South African government deemed as aiding and abetting its policies of apartheid;
 - c) suggest prudent ways in which withdrawal from South Africa might be achieved;
- (5) The Trustees support the effort of the president of the University to give leadership to other universities on behalf of these objectives and to join in support of similar activities on their part;
- (6) Implementation of all the foregoing will be given broad publicity, mindful of the concerns at Columbia and other universities for basic human rights and racial justice.

Thus in 1978 the Trustees of the University, led by their chairman Arthur Krim, took the dramatic step of accepting a set of ethical restraints as part of a prudent fiduciary investment policy. This was a major break with the past, and it stands as an example of our University's taking the lead on a matter of world-wide concern.

These principles have constituted Col-

umbia's policy from 1978 to date. These restraints, though their precise influence must be appraised in the context of the complexities of the market, seem to have had no adverse effect on the value of the University's investment portfolio nor on its financial condition generally.²

Apartheid has not gone away since 1978. Indeed, by many measures the life of non-whites in South Africa has become more unbearable as the government of South Africa has proceeded to complete its "homelands" policy, which divides the black majority into a small urban black minority with South African citizenship and an absolute black majority without citizenship except in fictitious internal "homelands." As a result, the issue of investments in corporations doing business in South Africa was reopened by the Senate in the spring of 1983. The Senate resolved that the Trustees' six principles were not a sufficient response to the pervasive evil of a legal system based on intentional racial inequality. The Senate voted to recommend that the Trustees

develop and implement a specific plan for the divestment of all its holdings in corporations which have operations in South Africa.

The Trustees in reply issued an extensive report in June of 1983. In that report the Trustees reaffirmed the six principles laid down in 1978 and concluded that continued investment under these principles, rather than total divestment of all relevant securities, was still the best policy for the University to follow.

In the fall of 1983 this ad-hoc committee was charged by the executive committee of the Senate to prepare a Senate response to the Trustees' statement of June 1983. We have taken our charge to mean that we must recommend to the Senate which position to take on the following differences between the Senate resolution of 1983 and the Trustees' 1983 response:

(1) Should the University continue to buy securities in U.S. companies that have South African subsidiaries?

Senate: no.

Trustees: yes, providing the local company abides by certain rules of equal opportunity at the workplace. In the moral equation, the degree of evil attached to the purchase of such securities remains outweighed by the expectation of the good done by these corporations for at least some non-white South Africans. This is a continuation of the policy of the Trustees' resolution of 1978.

(2) Should the University sell such securities now held?

Senate: yes.

Trustees: no, unless for reasons of normal portfolio management. So long as a corporation passes examinations of its workplace policies, its securities should be eligible for the University's portfolio.

At the final Senate meeting of the spring semester of 1984 this ad-hoc

Committee, striving for but unable to reach unanimity, requested that the President of the University determine whether the Trustees would accept a temporary freeze on further investment in securities of corporations doing business in South Africa.³ The Trustees' response to this request was positive. By resolution, the Trustees have put this additional restriction in place until they receive a report from the Senate. Thus, University securities investment policy has been modified by the resolution of the Trustees since May 23, 1984 with the addition of a restriction on further investments.⁴

Our committee has chosen to approach our task by a careful reexamination of the six principles of 1978. In each case we have asked whether in the last five years the University's actions have carried out the principle. We also asked whether principles 3 and 4, which define our current investment policy, are still adequate in the light of events here and in South Africa since 1978.

Findings

The committee has made the following findings of fact concerning the implementation of the Trustees' principles since 1978. It also examined the continuing adequacy of principles 3 and 4, containing the basic policy, in the light of developments since 1978.⁵

Implementation since 1978 of the Trustees' Principles

(a) Principle 1. The committee finds that the University has totally divested itself of holdings and withdrawn all deposits in financial institutions that provide new or continuing access to capital markets for the government of South Africa. This principle has been followed to the letter. Columbia has thereby become one of a growing number of private and public institutions throughout the world to end this form of indirect investment in the government of South Africa.⁶

(b) Principle 2. The committee finds that the University has been in direct contact with all relevant corporations in its portfolio. It has requested information about the corporations' workplace policies, and has notified these corporations of its concern for the "liberties and equal opportunities of non-white workers."⁷

(c) Principle 3. The committee finds that the University has divested itself of a considerable fraction of its securities in corporations doing business in South Africa and has chosen in the past six years not to invest in a considerable number of other such corporations.⁸

These have been corporations that have not adhered to the Sullivan Principles, or have not cooperated with the University's efforts to determine the nature and extent of their activities in South Africa.

The criteria for judging such corporate behavior between 1978 and the present have been three-fold: response to direct questioning, ratings by the In-

vestor Responsibility Research Center Inc. (IRRC), and ratings by the Reverend Sullivan's office, through the A. D. Little Company, Corporations that rank high in the Sullivan ratings (categories I and II) have in almost all cases been found acceptable for investment or reinvestment.

In the period of the temporary freeze since May of 1984 the University has reduced its holdings in corporations doing business in South Africa from \$39 million to \$32 million, and has in the process completely divested itself of securities in eight such companies worth over \$3 million.

(d) Principle 4. This principle committed the University to notify corporations that it would be examining stockholder resolutions in order to vote in ways consistent with headings a, b and c. The committee examined the University's record of notifications and considered whether the University had actually voted along these lines. The committee has also examined the full record of proxy voting by the University since 1979. We find that the University has usually, but not always, voted in ways consistent with policies a, b and c of this principle.⁹

The committee finds that the voting record of the University, while on the whole consistent, has been sporadically inconsistent because of an over-reliance on the current Sullivan rankings. The University has apparently concluded at times that a number I or II ranking alone implied substantial compliance with all the principles of the 1978 policy. The committee finds that such an assumption is almost certainly inadequate to assure compliance with the Trustees' policy of 1978.

(e) Principles 5 and 6. The committee finds that the University has not sufficiently publicized its actions: since 1978 neither the University community nor the world at large has been adequately informed that the University has followed an investment policy which interposes a moral and symbolic barrier between its endowment and a considerable number of potential investments. More important, the University has not done enough publicly in other ways "on behalf of these objectives." Though others have done even less, events such as the honorary degree awarded to Nobel Laureate Bishop Desmond Tutu and current enrollment of a few non-white South African students at Columbia are not sufficient activities for a University of our size and importance.

Recent developments in the Schools of Law, Medicine, Public Health and International and Public Affairs place the Institute of African Studies in a position to coordinate and facilitate cooperative work within the University on the linked issues of poverty, health and state power in southern Africa. The committee endorses these recent initiatives, which re-

Footnotes

1. See statement by former President McGill, and a recent newspaper summary of the general arguments, appendix A.
2. See table, appendix B.
3. See *Spectator* article, appendix C.
4. See Trustees' resolution, appendix D.
5. These findings are based on ten meetings of the entire committee *in camera*, one public meeting, and much reading, cogitation and deliberation on the part of the committee's members. We thank the many visitors who gave us their time and attention, and who generated a remarkably complete file of in-

formation in answer to many questions.

These visitors include: Daniel Purnell, executive director of the International Council for Equality of Opportunity Principles; Dumisani Kumalo of the American Committee on Africa, trustees Samuel Higginbottom, Charles Luce, Tom Macioce, Peter Loeb, Edward Costikyan and Robert Pennoyer, former senator and committee member Barbara Ransby; Coalition for a Free South Africa members Emira Woods, Anthony Glover, Tanquil Jones, Lorraine Harrison, Laird Townsend, Joseph Liu and J. Adrian Lunn; executive vice president

Anthony Knerr; University counsel John Mason Harding, vice president Peter Buchanan, professor and African Institute director Marcia Wright, and their staffs. In addition, the committee thanks the Senate Secretariat headed by William Phipps for their usual outstanding job of staff support. 6. See *New York Times* article, appendix E. 7. See sample letters from investments office, appendix F. 8. See table, appendix B, columns III, IV. 9. *Columbia University Analysis of South African Proxy Resolutions*, office of investments, pp. 5-6.

10. For example, the School of International and Public Affairs is linked to Law and Medicine through joint programs as well as overlapping geographic and functional concerns. The Institute of African Studies is at an important junction permitting it to serve in coordinating and facilitating cooperative work within the University and between it and Africa. An important area for study and application of knowledge in southern Africa links the issues of poverty, health and state power. See current SIPA catalogue for other details.
11. See report by the African Institute, Col-

quire increased financial support from the University."

Continuing Adequacy of the 1978 Principles

The committee has also reexamined the continuing adequacy of the policy underlying the six principles, as reflected particularly in principles 3 and 4, in view of intervening developments in South Africa.

When the Trustees put forward principles 3 and 4 in 1978 the government of South Africa had not yet brought to apartheid a set of laws described below and now in place. These new laws, and their baleful effect on the lives of non-whites and whites alike, require a reconsideration of the continuing adequacy of principles 3 and 4.

a. In the past five years the government of South Africa has engaged in a massive forcible redistribution of non-white workers. It seems clear that the government's intention is to have a South Africa proper with an elite of skilled black workers but a majority of non-black citizens. To accomplish this, the government has deported more than four million black people in the past five years from within South Africa to a set of tiny internal islands, the so-called "independent homelands."¹²

Once in a homeland a black worker ceases to be a South African citizen. To work in South Africa he must become a transient visitor. Benefits of the workplace for non-white South African citizens, such as equal wages and membership in a black labor union, often cease to be relevant to him or to the family from which he must absent himself in order to work.

The committee finds that the increased rate of deportations to homelands, and other South African government actions in the past six years, have assured that "workplace benefits" provided by American corporations will not be further extended to the vast majority of non-white workers in South Africa under the current political system. While precise numbers are hard to obtain, our best estimate is that a few thousand of the 70,000 employees of American corporations in South Africa are black migrant or transient workers. To date the University has not asked corporations for their policies with regard to the living conditions of workers recruited from the homelands, or of their families in those barren places.

b. Principles 3 and 4 do not address the larger question of corporate-government relations in South Africa. The committee finds that all foreign corporations are obliged to do business under the laws of the Republic of South Africa and are therefore ineluctably part of the fabric of apartheid. Some corporations of certain industries in South Africa now have the obligation to provide direct support to the militia and army of South Africa under the Key-points Act,¹³ which requires certain in-

dustries to operate under direct military control in times of national disturbance. In its contacts with corporations, the University has not inquired into the intricacies of a corporation's relations with the government of South Africa. Since American corporations must operate under South African law in South Africa, such questions may necessarily generate incomplete or unsatisfactory answers. Nevertheless it seems clear to the committee that without such information the University cannot sensibly decide whether or not a corporation's current actions in South Africa display "proper concern for the liberties and equal opportunities of non-whites in South Africa."

The committee concludes that the criteria used from 1978 until now to judge a corporation's response—how it avoids "manifesting indifference, through act or omission, to the prevailing racial policies in South Africa"—are inadequate. All three criteria used are deficient insofar as none probes corporate-government relations and none probes corporate policy toward workers from homelands.

Such probes may turn out to be futile, but without such information the University must remain uninformed about the impact of a corporation's actions in South Africa, and the likelihood that these actions amount to support of the government's repressive policies, directly or indirectly. The committee finds that more information than has been requested since 1978, in particular information about corporate-government relations and about corporate behavior with regard to transient "homeland" workers, is required from corporations with direct investment in South Africa if the purpose of principle 3 is to be fulfilled in the 1980s and beyond.¹⁴

Recommendations

The findings and conclusions of the committee have led us to the four recommendations below. These recommendations reflect our perception of the issues facing the University.

The Moral Issue

Operating a business in South Africa is not a morally neutral act. It is immoral to the extent that it gives active support to or helps maintain the policies of apartheid. Investment by the University in a company that operates in South Africa is not immune from the taint of such operations.

Terminating, sharply reducing, or in any other way limiting Columbia's investment in companies that operate in South Africa will not itself end apartheid or even contribute in significant measure to bring about its end. It is essentially a symbolic gesture and a moral statement. But the power of such an act is not insignificant. It is an act of condemnation and dissociation which the University community favors.

On the one hand, failure to make this moral-symbolic act, and other signs of

insensitivity to the underlying issue, would be deeply divisive. On the other hand, a portion of moral sentiment, including that of a substantial segment of the University community, believes that companies that operate in South Africa have the opportunity to make a significant contribution to the fight against apartheid.

These corporations set an example to and otherwise help domestic companies in South Africa increase pressure on the South African government to remove some or all of the burdens of apartheid. They help increase democracy in the workplace, and improve the lot of a significant though small number of black workers and their families. U.S. companies can do much more than they have done, and their success in these respects would in some measure justify their operations there and Columbia's investment in them. As Bishop Desmond Tutu said in his talk to the Columbia community on November 1, 1984, "We will be free, and we will remember those who help us become free."

The Investment Issue

We are convinced that our investment policy must continue to be linked to the behavior of American corporations in South Africa. American corporations of course do not make government policy in South Africa. But it is the committee's sense that a fraction of American corporations in South Africa provide both a political and a practical service to those black and non-black South Africans who are working to replace apartheid with a decent form of government in which political power and economic resources are fairly shared. The political service is the provision of workplace standards, and the practical service is the provision of jobs.

The investment policy adopted by the Trustees of the University ought not to be impervious to considerations of morality and symbolism, though it cannot be indifferent to financial considerations on which the University (and its faculty and students) depend. The financial impact of modifying prudent investment policy by moral concerns has to be taken into account. It should weigh importantly in the balance, but it should not be exaggerated: moral-symbolic considerations must weigh importantly too.

The power of a symbolic act by Columbia University would be multiplied manifold if it were joined by other universities and organizations, and particularly by the government of the United States. Columbia was among the first to make a moral statement on this issue. It should continue to lead, not only by example, but by initiating joint policies with other institutions and pressing government to take steps that would magnify not only the moral message of their actions but also their impact on the South African government.

Recommendations

As a result of these deliberations the

committee has proposed four recommendations. The committee expects that its recommendations will be consistent with the Trustees' fiduciary responsibilities, since these recommendations are intended to confirm and strengthen the investment policies set in place by the Trustees seven years ago.

Recommendation 1.

The University should convert its temporary "freeze" on investments into a continuing policy. The University should at the same time reaffirm its 1978 principles, in the light of subsequent events in South Africa.

The committee makes this recommendation on investment policy for two reasons.

First, we are a teaching institution. We teach by what we do, as well as by what we say. The symbolic value of this decision to maintain the freeze will be significant to the University, to other educational institutions and to the world at large. Institutionalized, legal racism in South Africa seems to us to be an intractable problem. The capacity of the University to mitigate this evil by any effort is depressingly slight.¹⁵ Nevertheless, we are all agreed that as part of its central teaching function the University has an obligation to try.

Second, we consider it desirable to avoid any further investment as the Trustees reaffirm their principles 3 and 4 in the light of events since 1978 in South Africa and elsewhere. In particular, we recommend that in the period of the freeze the following specific steps be implemented as University policy:

a. Institutional policies with respect to investments in companies doing business in South Africa (including the Sullivan Principles and the Trustees' 1978 principles) should be reexamined in light of developments in South Africa in recent years that significantly change the relationship of foreign companies to the South African government and to South African black workers. For example, the Key-points Act secretly designates certain factories as being of military significance. In times of "national emergency" such workplaces are legally obligated to assist the South African government in all ways it sees fit to request.

b. Non-white workers are indeed benefited at the workplace of certain American subsidiaries. However, these few are part of a small fraction of South Africans. These homeland laws have already caused the forced deportation of millions of blacks to interior "countries" which in the cruelty of their living conditions resemble extremely large and arid concentration camps and gulags. These blacks, deprived of their citizenship in South Africa, comprise the large body of black migrant workers which now provide almost 28 percent of the black labor force in South Africa.¹⁶ The Sullivan conventions and other policy statements do not expect corporations to

umbia University, appendix G

12. See Key-points Act, appendix H

13. Principle 4 has become inadequate in another respect. The new rules of the Securities and Exchange Commission on proxy proposals by security holders that became effective on January 1, 1984 require a freeze and a reassessment of the 1978 policy. The Commission's new rules made two major changes in the assumptions which underlay the 1978 policy.

(1) The issuer may omit a proposal if it relates to operations which account for less than 5 percent of the issuer's total assets and

net earnings in its most recent fiscal year.

(2) Proposals requesting issuers to prepare reports on specific aspects of their business or to form special committees to study a segment of their business may be excluded by the issuers.

14. The committee finds that true total disengagement from all agencies and corporations that have dealings in South Africa is not feasible under any currently conceivable circumstances. Such a policy would preclude investment in corporations which trade with South Africa, would cause us to drop out of higher education's principal pen-

sion funds, TIAA and the CREF, and would oblige us to cease to accept federal funds as well. About 6,000 certificates of trade for export sales to South Africa were issued to American corporations in 1983; we would have to divest from those companies.

South Africa is an ally of the United States, and the current policy of "constructive engagement" binds our two governments ever closer together. We conclude that the University could not totally uncouple itself from the earnings generated through some indirect involvement with South Africa. It is important in this context to note

that the University currently has securities in 19 (including one Canadian) out of approximately 300 U.S. corporations that have subsidiaries in South Africa. The University's holdings are a very small fraction (0.015 percent, or a little more than one ten-thousandth) of the value of the common stock of these 19 corporations.

15. The economically active African population in 1981 was 7,527,000. In the same year 1,329,000 Africans were working as migrant laborers, and 745,000 as commuting laborers (South African Fact Sheet, *The Africa Fund*, January, 1984).

provide the same workplace benefits to migrant workers.

c. Further investigation and analysis are required in order properly to formulate new policy statements that take these developments into account. Some of this work has already been initiated by the Wesleyan Consortium and the office of the Reverend Sullivan, and we think the University should play a more active role in the deliberations as soon as possible. On the basis of the information now known to us, we think that any policy statement on investments and South Africa, and principles 3 and 4 of the Trustees' report of 1978, will need to be revised to add the following criteria to evaluate companies in which the University owns stock:

- (i) The company should not be under the Keypoints Act.
- (ii) The company should not sell its products to the South African militia or military.
- (iii) The company should demonstrably improve the lives of non-white workers, including those from the homelands.

Uniform revision of applicable standards through consorsial activity should greatly enhance the effectiveness of those standards as effective instruments to counteract apartheid.

d. We recommend that without waiting for the consortium to take effect the standard questionnaire sent by the University to companies immediately be revised to elicit information on these points.

Providing that no significant reversal occurs in the hardening of the apartheid structure of South Africa, full application of principles 3 and 4 would require eventual full divestment. However, the committee believes the impact of such action would be modest unless the University were joined by other universities and similar institutions. Therefore it makes recommendation 2.

Recommendation 2.

The Trustees should take the lead in organizing other universities and similar institutions for coordinated action against apartheid. Such a consortium should attempt to mobilize the influence of the business community and the U.S. government to help bring political and economic democracy to South Africa by peaceful means. Such a consortium should also plan to develop a coordinated investment policy that by requiring strict adherence to tightened and updated Sullivan Principles would help erode apartheid and bring significant improvement in the lot of blacks in South Africa. Any company that does not meet the requirements of the consorsial policy should be targeted for divestment.

Critics of divestment claim that complete divestment by the University would have little direct or immediate impact on apartheid, since the amount of the University's holdings is small in relation to the total outstanding securities of the companies involved. They also claim that divestment would be only an ineffectual, one-shot symbolic gesture, since terminating the investment relationship cuts off the basis for the University's continuing influence as a shareholder on a company's policies in South Africa. The first of these criticisms we think is behind us, since the Trustees in 1978 accepted the relevance of a moral element in their investment policy, and established criteria under which stocks in companies doing business in South Africa are required to be divested.

We think that the Trustees could significantly expand the positive impact

of the University's moral position by seeking to bring the University's peer institutions at least to the University's level of commitment. Most colleges and universities have not yet approached the Trustees' ground-breaking principles of 1978. The University should encourage other institutions to join with the University in reexamining the 1978 principles in light of subsequent developments in South Africa, and to expand the effect of action by any one institution through collective action.

We think the Trustees should work with two organizations in particular that have the potential for widespread influence: Reverend Leon H. Sullivan and his organization, the International Council for Equality of Opportunity Principles Inc., and the Research Consortium on American Corporate Activity in South Africa (the Wesleyan Consortium).¹⁶

The 1982 version of the Sullivan Principles,¹⁷ although criticized on various grounds, is nonetheless a current standard for measuring corporate behavior in South Africa that is widely used both in this country and in Europe. This version is overdue for strengthening in light of events in the past two years.

The Wesleyan Consortium consists of fourteen institutions in addition to Columbia: Amherst, Bryn Mawr, Cornell, Dartmouth, Harvard, Haverford, Notre Dame, Oberlin, Rutgers, Smith, Swarthmore, Wesleyan, Williams, and Yale. The group was formed in 1983 to pool the resources of the members in their review of companies doing business in South Africa. These institutions have been in the forefront of private institutions of higher education in the United States in their concern over the issues of divestment, and the impact of any action by the group could be substantial.

If the overtures of the Trustees to either the IRRC or the Wesleyan Consortium do not seem likely to produce a significant response, we think the Trustees should seek to influence U.S. policy in other ways and to organize a Columbia-led consortium of institutions for the purposes we recommend.

We recommend the following for consorsial activity:

- a. Study and eventual implementation of the policies set forth in recommendation 1 above.
- b. Consorsial institutions now directly investing in South Africa should be encouraged to adopt principle 1 of the Trustees' 1978 report, requiring divestment of holdings and withdrawal of deposits in financial institutions that provide new or continuing access to capital markets for the government of South Africa. A few other institutions follow this principle, but not many. It is one of the steps that has the greatest potential for a direct impact on the South African government.
- c. Because of its special relationship to educational institutions, TIAA/REF should be invited to participate in the formulation of policy revisions and in any collective policy. In part because of its relationship to the educational community, TIAA/REF has already taken a more enlightened view of the moral responsibilities of investing than other insurance companies. The size of its portfolio obviously enhances the impact of any action taken with respect to investments in South Africa.
- d. To the extent consistent with its role as an independent university, Columbia should support U.S. government

initiatives to end apartheid and seek in its role as investor to persuade portfolio companies to accept such initiatives. Particular attention should be paid to proposals like the Solars Amendment to the proposed Export Administration Act of 1983, expected to be introduced in the next Congress, that would mandate non-discriminatory employment practices for U.S. companies doing business in South Africa, prohibit bank loans to the South African government and prohibit the importation of South African gold coins into the United States.

Neither a freeze nor the consorsial actions recommended above can have a lasting impact unless they are properly reported to the University and to the public. Therefore the committee makes recommendation 3.

Recommendation 3.

The President and the Trustees should establish a permanent, broad-based committee to report regularly on University policy toward South Africa including investment in companies operating in South Africa and the use of its shareholder-interests against apartheid.

The six principles of the 1978 report of the Trustees have been implemented in the succeeding years by the Trustees, with the assistance of the office of investments, in good faith and with substantial compliance. There have been slippages from time to time, however, and we think it would be useful for the office of investments to report on a regular basis on the implementation of the Trustees' principles. In addition, there does not now exist a permanent mechanism by which the Trustees may routinely obtain consultative assistance on questions involving South African investments as they arise.

We conceive of this committee as one that would be advisory to the Trustees and that would be broad-based in its composition, with representatives from all parts of the University community, including the President, senators, students, faculty, the office of investments, and the office of the vice president for development. This committee should always contain at least one student member. Because of its recent constructive work on this issue, the initial committee formed by the Trustees should include a student who belongs to the Coalition for a Free South Africa.

We anticipate that the Trustees will wish to consult the committee on the implementation of these recommendations. The committee would seek to establish a continuing dialogue with the Trustees on the subject of South African investments and the implementation of the Trustees' policy, and would be available to consult with the Trustees when the Trustees had specific investments or stockholder resolutions on which they wished consultative guidance.

We would expect that the committee would receive on a regular and timely basis from the office of investments a report of the implementation of the Trustees' 1978 principles as modified from time to time. This report should provide a clear public statement of the grounds for keeping or for divesting given relevant securities. It should also report on stockholder resolutions of the previous period, University votes, and the reasons for them. This report should include an updated analysis of the grounds used for the previous period's actions. The report should be issued at least annually, with serious publicity.

While our committee did not uncover significant signs of change for the better in South Africa since 1978, the hope that future improvements might take place

must not be abandoned. In any event the Trustees and the University community must remain alert and informed of all changes, for better and for worse, if principles 5 and 6 of the Trustees' 1978 policy are to be followed.

The committee finds that a greater degree of on-campus publicity for its investment and proxy decisions is warranted and would be helpful in informing the University community as a whole about the larger issues of southern Africa and legal racism. The *University Record*, *Spectator*, *Columbia Magazine* and the *Annual Report* seem appropriate vehicles for such publicity.

In the last analysis Columbia University is an institution of learning, not an investment house. At many levels the issues of racism and of the showing of economic power have not been sufficiently central to the research and teaching functions of the University. Therefore, the committee makes recommendation 4.

Recommendation 4.

The University should initiate a major program, supported by substantial resources, to study the political and social problems of southern Africa and to promote education for change there.

A South African, white or non-white, can be imprisoned or exiled from his or her country for political activity that threatens apartheid, including campaigning against foreign investment in South Africa. This fact alone makes it difficult to interpret the meaning at a distance of the many statements by non-white South Africans in support of foreign investment in South Africa.¹⁸ Yet without sure knowledge it is difficult to see how to follow any of the six principles of 1978.

The University has begun to establish itself as a center for the study of southern Africa and for the training of South Africans, including currently exiled ones, in such fields as public health, medicine, law and journalism. These efforts should be immediately infused with significant support from the University.

Other actions which the University might consider taking would be:

- To establish human rights as a major University commitment, by expanding its human rights program and particularly the activities of the Center for the Study of Human Rights.
- To form a group of faculty to study the curricula of the different schools, in order to add where necessary material to show the contributions of African and other non-European cultures to Europe and to the Americas. As an example, in the College this would mean adding courses that complement the Eurocentric core curriculum.
- To bring to the University on a regular basis a visiting scholar concerned with human rights in South Africa.
- To provide for non-matriculated visiting graduate and professional students from southern Africa on a yearly basis. The students should be recruited through channels other than the government of South Africa.
- To act in keeping with the President's recent report¹⁹ on languages by placing a greater emphasis on the study of the languages of southern Africa, both at Columbia and perhaps in a consortium with other universities as well.

Copies of this report and its appendices may be obtained through the University Senate office, 406 Low.

16. Address and other information about these groups are available in the Senate office.
17. See the Sullivan Principles, appendix I.

18. See *New York Times* article, appendix J, 19. 1982-83 President's *Annual Report*, Columbia University, p. 13.