

University Senate

Proposed: November 30, 1984

Adopted: November 30, 1984

by hand vote

43 in favor, 13 opposed

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

The Committee to which was referred the matter of the University's investments in companies with operations in South Africa, having considered the same, respectfully submits its report to the Senate and requests the Senate to adopt the recommendations of the report. It further requests the Senate to refer the recommendations to the Trustees of the University for their consideration.

Bob Pollack

Robert E. Pollack (Admin.), chairman

W. Bruce Bassett

W. Bruce Bassett (Ten., Bus.*)

Jennifer J. Bell

Jennifer J. Bell (Nonten., HS)

Gregory Butler

Gregory Butler (Stu., CC*) ###

Kenneth A. Forde

Kenneth A. Forde (Ten., HS*)

Louis Henkin

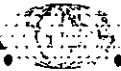
Louis Henkin (Univ., Prof.*)

C. S. Van Rees

Cornelius Van Rees (Alum.*)

*non-senator

Please see statement on following page.



United Minorities Board

Columbia University in the City of New York

As a member of the Senate's ad-hoc committee on investments in companies with operations in South Africa, I have deliberated at length on the issue of Columbia University's continued investment in these companies, and the effect of such investment on the continuation of South Africa's system of apartheid. We were charged with the investigation as to whether or not the Board of Trustees should continue to hold or to withdraw these holdings.

I have concluded that the most responsible position for the University to take in regard to apartheid is total divestment of those companies operating in South Africa, consistent with the original Senate resolution of March 25, 1983. However, in light of the University Trustees' unwillingness to accept previous recommendations of this kind, I suggest that the University adopt the proposals recommended by the Senate's ad-hoc committee, while continuing the consideration of the full divestment option.


Gregory Butler

Chairman, United Minorities Board

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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 consortial 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.

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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.

* * * * *

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 consortial investment policy and expansion of the University's own resources in African affairs, we believe the Trustees can best apply Columbia's total

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resources to the most rapid and complete ending of apartheid in
South Africa.

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HISTORY

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

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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 Columbia'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

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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

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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 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 (see pages 5 and 6 above), 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 Investor 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 (see pages 5 and 6 above). The Committee examined the University's record of notifications and considered whether the University had actually voted along these lines. The Committee has

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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.

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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 require increased financial support from the University.¹⁰

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."¹¹

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 Africans 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 Keypoints Act,¹² which requires certain industries 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 investments in South Africa if the purpose of Principle 3 is to be fulfilled in the 1980s and beyond.¹³

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

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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.

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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 manyfold 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.¹⁴ 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 Keypoints 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% of

the black labor force in South Africa.¹⁵ The Sullivan conventions and other policy statements do not expect corporations to 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 consortial 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.

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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 consortial 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

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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 consortial activity:

a. Study and eventual implementation of the policies set forth in Recommendation 1 above.

b. Consortial 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/CREF 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/CREF 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 Solarz 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 consorial actions recommended above can have a lasting impact unless they are properly reported to the

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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

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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

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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

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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.

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* 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.

Footnotes (appendices on following pages)

¹ See statement 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 information 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 Macioci, Peter Loeb, Edward Costykian and Robert Pennoyer, former Senator and Committee member Barbara Ransby, Coalition for a Free South Africa members Emira Woods, Anthony Glover, Tanaquil 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, Columbia University, appendix G.

¹² See Keypoints 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 pension 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 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 (0.013%, 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 745,500 as commuting laborers (South African Fact Sheet, The Africa Fund, January, 1984).

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.

**Columbia University
in the City of New York**

APPENDIX A.

NEW YORK, N.Y. 10

PRESIDENT'S ROOM

MEMORANDUM

May 3, 1978

TO: Columbia University Students

RE: Essential Facts on University Investments

FROM: President William J. McGill

Many students have expressed to me a lack of understanding as well as lack of basic information on Columbia University's investment policy. The purpose of this brief paper is to set forth the essential facts so that students themselves may with suitable realism analyze the subtleties of the so-called South African divestiture problem.

1. Columbia's Investment Portfolio

We are a large well-endowed private university. Our trustees, in addition to their role as the legal owners of Columbia's physical plant, are the legal guardians of an endowment fund valued at approximately \$264-million, as reported in our 1977 annual financial report. The paper value of this endowment fluctuates daily with the securities markets because nearly all of it is invested in a diversified portfolio of stocks and bonds distributed among some 27 types of investments (rails, chemicals, aerospace, municipal bonds, etc.). Such diversification is required because Columbia is necessarily a conservative investor seeking protection against the temporary vicissitudes of any particular industry (as for example, the current problems of the steel industry in the United States).

Our endowment fund produces annual earnings for the University via the payment of dividends. In 1977 such earnings totaled nearly \$18.8-million. We use these earnings almost in their entirety to support endowed professorships, endowed fellowships, scholarships and libraries. We try to operate in such a way as to draw upon only the annual earnings of our endowment. Spending the endowment itself is always imprudent and often legally prohibited.

2. The Purposes of Columbia's Endowment

Endowment funds are in the main legally restricted as to use. This means that the earnings may be spent only in the schools and for the purposes for which the money was given originally. The Trustees have little discretion on such matters. They are called "trustees" because the courts require them, as the legal custodians of trust funds, to use such funds for expressly defined purposes. This results in a bewildering maze of bookkeeping restrictions in which we are required annually to keep track of over 4,000 separate restricted accounts (see the supplement to our annual financial report). Invested endowment restricted to use in Columbia College amounted to \$10.8-million at the end of 1977, whereas the restricted endowment of the medical and dental schools was more than \$91.4-million. About \$36-million of our endowment was used for special purposes of two or more schools as specified in the conditions of the gifts.

Again it is essential to stress that we may spend only the annual earnings of all our endowments.

3. Legal Restrictions on the Trustees

Trustees are the legal guardians of funds belonging to others. In the strict sense Columbia Trustees do not own the University's endowment because they may not spend the earnings on themselves. They must act as guardians or, as it is sometimes said, fiduciaries for current and future generations of Columbia faculty and students. This implies a strong legal restriction and an even stronger practical one. The legal restriction is that the Columbia Trustees must invest as any "prudent person" would in managing the funds over which they have guardianship. Corrupt practices now charged against certain union pension funds involve losses in trust funds for which the fund trustees were and are legally liable. Moreover, any evidence of irresponsible management of trust funds (or endowment funds) immediately turns off giving. This is an essential practical restriction. It is for this reason that our Trustees must be conservative investors. The legal requirement of exercising prudence, as well as the practical consequences of irresponsible fund management force the Trustees to move with great caution in making all decisions on the investment of our endowment.

4. Moral Considerations

The Trustees of Columbia University act for an institution that is a unique investor. We are an ethical institution whose purposes extend far beyond considerations of income. For example, we cannot own a race track or a liquor store. This is not because these activities are illegal but because such investments serve purposes at variance with our view of ourselves as a humane institution. Occasionally we make errors of judgment but in the main the Trustees try to follow a policy of investing only in legitimate companies which are above reproach in all their business operations. Difficulties arise principally when proposals are made for sudden large-scale changes in our investments on the basis of newly conceived moral or ethical considerations.

It is quite unlikely that the courts would view a large-scale divestiture as meeting the legal requirement of the so-called "prudent man" rule. On the other hand it is likely that Columbia would suffer a sudden and perhaps drastic loss of University income via the transaction costs (i. e., the costs of liquidating investments) and also a loss in flexibility resulting from restriction to investments deemed morally acceptable. This would make the Trustees legally liable for losses in trust funds under their care. They cannot, for example, accept any substantial annual losses in our \$18.8-million of endowment earning because such earnings are earmarked in their entirety to support Columbia students and faculty. Losses would have to be made up via increased tuition charges.

For such legal and practical reasons the Trustees must always proceed with great caution whenever they attempt to modify the University's investment policies.

5. Questions to Ponder

The Trustees in judging how they ought to proceed in responding to the moral questions posed by Columbia students and the Senate are likely to be preoccupied with a number of extremely subtle questions:

- a) Are there different degrees of involvement with the apartheid government among the 44 companies in our portfolio as of April 1978, each with some assets in South Africa, or are all 44 equally objectionable?

b) Can the Trustees legally dispose of nearly one-third (i. e., \$80-million) of the University's \$264-million endowment fund (or any large fraction thereof) without a protective ruling from the State's Attorney General or from the federal government? How would the resulting losses be made up without increases in tuition?

c) How should the Trustees respond when students in one part of the University seek an action that will damage faculty and students in another part of the University? Would the students of the College (for example) be willing to accept a special policy for investing the endowment of their own school, thus limiting the risks to financial aid funds held only for that school?

d) How may the Trustees use the portfolio to express hostility to the apartheid system in South Africa without risking funds required annually for the salaries of endowed professorships and for financial aid? Limitations on investments nearly always generate such risks.

These are extremely subtle questions and they are not easily answered. Yet they must be answered if we are to proceed intelligently in coping with the issues posed by those members of the Columbia community who ask why we simply do not sell off all investments suspected of moral taint. It is not as simple a matter as that, as I have tried to show. Nevertheless, something must be done.

Issue and Debate

Does Withdrawing Investment Hurt Apartheid?

By ALAN COWELL

Special to The New York Times

JOHANNESBURG, Oct. 21 — About 350 American companies operate in South Africa, and many of them feel that their long-term future may be threatened by an intensifying campaign in the United States for withdrawal of investment from this racially divided nation.

Some American companies follow what are called the Sullivan Principles on employment practices, which were formulated by the Rev. Leon Sullivan of Philadelphia eight years ago. The companies that do follow these principles and that reported on their activities last year say the workers they employ, 66,000 in a work force of around six million, will suffer if they reduce or end operations in South Africa.

They say measures taken under the Sullivan Principles — wage improvements and programs to improve black workers' training and housing, along with the abolition of segregation in places of work — set an example to South African companies and provide a force for evolutionary change.

But those seeking divestment say the successes of the Sullivan Principles are limited because they affect only 1 percent of the labor force and do not directly attack the white authorities' ideology of racial and tribal separation.

The Size of the Investment

Direct American investment in South Africa is estimated by the State Department at \$2.3 billion, down from the \$2.8 billion calculated by the South African Institute of Race Relations for 1982. Other estimates put overall American investment, including loans and gold stocks, at \$14 billion.

Those who support divestment say black South African workers will suffer short-term disadvantage if divestment begins to hurt South Africa's economy seriously.

In a recent statement, the South African Foreign Ministry said American investment was "of major importance when viewed in the context of how many jobs it provides."

The statement added, "It is not, however, of determinant political importance in a country which draws the lion's share of its investment capital from domestic and other foreign sources."

Divestment, the statement said, "cannot provide change at all — but it may well retard it for, as Americans well know, political progress goes hand in hand with socioeconomic advance."

The statement challenged those advocating divestment to prove they had support here for their campaign. "Disinvestment is no esoteric political debate," it said. "If implemented, jobs and livelihoods must necessarily be destroyed."

The Background

The divestment movement in the United States began a decade ago when college students pressed universities to sell stock in companies doing business with South Africa to protest the system of racial separation called apartheid.

In the late 1970's the campaign spread to smaller cities. Since 1982 Philadelphia, Washington, Boston and New York City have passed divestment ordinances that forbid investment of municipal money, such as pension funds, in South African concerns.

Five states, Connecticut, Maryland, Massachusetts, Michigan and Nebraska, also have divestment laws.

The growth of the campaign has alarmed the South African authorities enough that people publicly advocating divestment can face charges under the country's catchall security laws.

For Divestment

Much of the debate centers on whether black South African workers will be made to suffer with no guarantee of an eventual reward.

Some of those who support the withdrawal of American capital contend that the main impact of divestment will be on the running of the South African Government and its enormous security apparatus.

"There are two ways to change the South African Government," said Dumisani Kumalo, the projects director of the American Committee on Africa, a principal divestment group in New York. "One of the ways is dropping bombs on South Africa. I do not advocate that. The other is through economic pressure."

South Africa's economy, Mr. Kumalo said, is highly vulnerable because it relies heavily on foreign capital and foreign technology "to perfect the apartheid system." The divestment campaign makes "it difficult for the South African Government to raise money and technology," he said.

Mr. Kumalo acknowledged that divestment would "hurt black people," but what about white people? he said in a telephone interview. "Divestment will hurt both black and white people. That's the point I'm making: because it will hurt everybody it will put pressure on the South African Government to make fundamental changes."

A Question of Priorities

Mr. Kumalo said he did not like the idea of people losing jobs but asserted that the retention of individual positions was less important than making fundamental changes in the system. "I feel very dead about anybody losing their job," he said, "but the impact of the South African police and army is much more than losing a job."

"If people have to make a choice they will agree with me: The impact of the police and military is more devastating than somebody losing a job."

He said the Sullivan Principles did not address the fundamental issues of apartheid. "While it is good that at a Ford plant, black workers are being trained to do some jobs which they did not do before, being paid more, working conditions are improved. That's commendable. But when they leave the plant, they are back in South Africa where being black is a crime." Divestment, by contrast, would lower South Africa's credit ratings, he said, and bring pressure on the authorities to change the system, producing long-term benefits.

Asked about the probable impact of divestment on South Africa's black-ruled neighbors, Mr. Kumalo said: "If these considerations are supposed to stop, is doing anything, it would be tantamount to saying: Let South Africa stay the way it is."

Extending Pain to Whites

In South Africa now, he said, "there is pain and suffering being felt by the black people only." He added, "The pain by divestment will be felt by black and white, and whites will feel it for the first time."

Since the bulk of Afrikaners have nowhere to go outside South Africa, he said, the pressures of divestment will cause whites to accept change. "Self-interest is going to dictate to them that in the end they have to live in that country," Mr. Kumalo said, so that a destructive response to divestment would mean that whites were "not destroying black people's property only, they are destroying their own property."

The ideological range of those supporting divestment is broad. Some radicals argue privately, for instance, that the economic pressures of divestment would sharpen existing

hostilities enough to make insurrection feasible. A more moderate view is expressed by Bishop Desmond Tutu, general secretary of the South African Council of Churches and the winner of this year's Nobel Peace Prize. He says he sees Western economic pressures as the only alternative to violence and as a way to force the white authorities to negotiate changes.

Against Divestment

Opponents of the divestment campaign say it has the potential for revolutionary violence, is unlikely to be effective and could hurt the livelihoods of blacks.

Michael Spicer, director of the South African Institute of International Affairs, said: "The divestment lobby is not asking for incremental change. They are asking for change once and for all." He said this far outstrips the white authorities' readiness to comply.

The calculation has to take into account "the ideology, the psychology, the essence of Afrikaner nationalism," he said in an interview, speaking of the 2.8 million whites of Afrikaner descent whose leaders took power in 1948.

The Afrikaners saw themselves as a minority in a hostile world who could guarantee their survival only by maintaining power. From their point of view, he said, "it would be suicidal to abandon control" because a destructive conflict would ensue. Those favoring divestment might argue that a new order would then emerge, he said, "but I am not one of those who believes a Phoenix would arise from the ashes."

The Role of Capitalism

Mr. Spicer says some people equate capitalism and apartheid and argue that only by attacking capitalism can apartheid be dismantled. "The opposite thesis is that capitalism can erode and undercut apartheid," he said, and that an expanding economy necessarily confronts such pillars of the racial system as policies that try to limit the number of blacks in "white" areas.

Those American companies that espouse the Sullivan Principles would thus argue that their policies contribute to fundamental change.

In its most recent public assessment of its own achievements, the American Chamber of Commerce in South Africa, representing just over

200 American companies, said: "The influence of U.S. companies in changing the character of South African society has been significant."

"American business is evolving strategies that can make even greater progress and have an even stronger impact if its efforts are encouraged and supported in the United States. If efforts to bring about divestment are successful, then this influence will die away and the black people in the country will be the ones that will severely suffer from such a retrogressive step."

Fred Ferreira, industrial relations director at the Ford Motor Corporation in Port Elizabeth, said in an interview that if his company pulled out of South Africa, its 5,500 workers would find no other employment in the southern coastal city while other automobile manufacturers would increase production to fill the gap.

Evolution or Revolution

"Divestment equals enhancing revolution," he said, "because then one is creating a destabilized society." Mr. Ferreira said that by giving black workers material benefits, their aspirations for change were nurtured and companies were "creating the circumstances for evolutionary change."

Mr. Spicer said opponents of divestment "would say that it is utopian" to abandon advantages in return for uncertain promises "that their political and economic lot will improve" as a result of the dislocations caused by divestment.

Additionally, he said, divestment has a regional implication since South Africa is the principal market and "economic engine" of all of southern Africa. The 1980's, he said, had shown that the leaders of South Africa's black-ruled neighbors were "acknowledging that they have to deal with South Africa at certain levels."

The white authorities here, he said, were "clearly articulating an intention to use these states as hostages" against external sanctions. "Southern Africa is one economic entity; you cannot damage any part of it without the impact being felt in other parts," he said.

The Outlook

An irony of the divestment debate is that blacks, the people most likely to be affected by it, have rarely been consulted. Whites, both sides acknowledge, are more cushioned from the impact of economic reverse.

Last month Prof. Lawrence Schlemmer of the University of Natal published a survey of 551 black production workers that found that 75 percent of them were against divestment. The survey was conducted by the Center for Applied Social Sciences, which Professor Schlemmer heads. He is also the president of the South African Institute of Race Relations, but it was not involved in the survey and has made no public comment on it.

Mr. Kumalo disputes the survey's findings but acknowledges he has no statistics to prove a contrary view. "I am saying that if the South African Government believes that the majority of the black people are for continued investment, why don't they allow a referendum on the issue so that people can speak without any fear."

Those favoring divestment say they will pursue their campaign in the cities and states while seeking to promote Congressional moves for sanctions against South Africa. Their assumption seems to be that continued unrest in South Africa and the absence of fundamental changes in racial policies will continue to win support for their campaign.

South Africa's concern was reflected in an officially inspired newspaper commentary the other day warning whites that, while their economy can weather a divestment siege, the battle will cause hardship.

Southern Africa Related Securities - Update to Appendix B
November 8, 1984

I	II	III	IV	V	VI
Quarter	Total Market Value of Corporate Securities	Market Value of Securities of Corporations Having Direct Investments In South Africa	Column III Over Column II As a Percentage	Market Values of Securities of Corporations Given Poor Sullivan Rankings	Column V Over Column II As a Percentage
3/30/79	\$163,626,017	\$68,272,427	42%	\$14,170,355	9%
6/29/79	164,087,444	66,619,111	41	12,664,262	8
9/30/79	174,356,426	64,501,832	37	10,479,290	6
12/31/79	170,817,291	58,215,051	34	16,307,360	10
3/31/80	149,744,940	57,491,001	38	16,962,048	11
6/30/80	171,698,396	56,352,547	33	15,604,113	9
9/30/80	198,224,097	67,421,348	34	23,221,545	12
12/31/80	192,975,872	50,830,225	26	22,860,520	12
3/31/81	189,784,049	58,586,546	31	22,490,301	12
6/30/81	157,160,253	43,160,793	27	19,859,693	13
9/30/81	115,428,330	24,792,569	21	11,302,113	10
12/31/81	109,758,950	23,079,494	21	6,187,025	6
3/31/82	94,975,341	20,334,940	21	5,608,269	6
6/30/82	97,470,365	24,503,519	25	5,339,613	5
9/30/82	126,595,060	33,397,050	26	6,689,200	5
12/31/82	127,899,775	40,915,126	32	6,461,850	5
3/31/83	153,857,762	42,072,137	27	5,073,825	3
6/30/83	157,866,692	37,277,450	24	6,103,719	4
9/30/83	169,331,445	34,276,903	20	4,391,407	3
12/31/83	162,824,773	27,734,506	17	3,545,177	2
3/31/84	135,925,832	32,379,892	24	7,208,191	5
6/30/84	151,255,290	41,244,820	27	8,083,748	5
9/30/84	151,492,352	32,526,108	21	6,201,807	4

Appendix B

Quarter	VII	VIII	IX	X	XI	Market Value of Total Securities Portfolio Including Cash Equivalents (in thousands of dollars)
	Column V Over Column III As a Percentage	No. of Corporations in the Portfolio of Common Stocks	No. of Corporations In Column VIII Having Direct Investments In S. Africa	Column IX Over Column VIII As a Percentage		
3/30/79	218	141	41	298	N.A.	N.A.
6/29/79	19	140	40	29	\$259,536	
9/30/79	16	143	37	26	N.A.	N.A.
12/31/79	28	141	39	28	N.A.	N.A.
3/31/80	30	142	34	24	N.A.	N.A.
6/30/80	28	154	36	23	261,268	
9/30/80	34	152	41	27	N.A.	N.A.
12/31/80	45	120	26	22	N.A.	N.A.
3/31/81	38	115	24	21	N.A.	N.A.
6/30/81	46	106	22	19	246,131	
9/30/81	49	86	14	16	N.A.	N.A.
12/31/81	27	81	12	15	N.A.	N.A.
3/31/82	28	94	14	15	N.A.	N.A.
6/30/82	22	97	16	16	230,322	
9/30/82	20	117	23	20	N.A.	N.A.
12/31/82	16	125	25	20	N.A.	N.A.
3/31/83	12	135	25	19	N.A.	N.A.
6/30/83	16	137	21	15	303,570	
9/30/83	13	134	17	13	N.A.	N.A.
12/31/83	13	147	19	13	N.A.	N.A.
3/31/84	22	146	29	20	N.A.	N.A.
6/30/84	20	148	31	21	307,006	
9/30/84	19	136	25	18	N.A.	N.A.

Quarter	XII Column III Over Column XI As a Percentage	XIII Column V Over Column XI As a Percentage	XIV Total Investment Portfolio at Market or Appraisal Value (in thousands of dollars)	XV Column III Over Column XIV As a Percentage	XVI Column V Over Column XIV As a Percentage
3/30/79	-	-	N.A.	-	-
6/29/79	268	48	N.A.	-	-
9/30/79	-	-	N.A.	-	-
12/31/79	-	-	N.A.	-	-
3/31/80	-	-	N.A.	-	-
6/30/80	22	6	N.A.	-	-
9/30/80	-	-	N.A.	-	-
12/31/80	-	-	N.A.	-	-
3/31/81	-	-	N.A.	-	-
6/30/81	18	8	N.A.	-	-
9/30/81	-	-	N.A.	-	-
12/31/81	-	-	N.A.	-	-
3/31/82	-	-	N.A.	-	-
6/30/82	11	2	\$815,839	38	18
9/30/82	-	-	N.A.	-	-
12/31/82	-	-	N.A.	-	-
3/31/83	-	-	N.A.	-	-
6/30/83	12	2	918,388	4	1
9/30/83	-	-	N.A.	-	-
12/31/83	-	-	N.A.	-	-
3/31/84	-	-	N.A.	-	-
6/30/84	13	3	907,006	4	.98
9/30/84	-	-	N.A.	-	-

Notes

1. For the three quarters of 1984, Column III includes securities received as gifts and subsequently sold, which are not reflected in Column II totals as part of the portfolio. This corresponds with the methodological approach recommended by Coopers and Lybrand.
2. For quarters 3/31/79 through 12/31/79, totals in Column V represent the market value of securities of corporations with Sullivan Rankings III, IV, VIII and X. For quarters after 12/31/79, totals represent the market value of securities of corporations with Sullivan Rankings III, VI and VIII.
3. For the three quarters of 1984, Column IX includes securities received as gifts and subsequently sold, which are not reflected in Column VIII totals as part of the portfolio. This corresponds with the methodological approach recommended by Coopers and Lybrand.

South Africa report derailed

Ransby opposes plan to freeze investment

By HOWARD J. BASHMAN

After six months of debate and discussion, the University Senate Ad Hoc Committee on Investments will not deliver any report or formal recommendation on the university's investment policy in South Africa at tomorrow's final Senate meeting of the semester.

One member of the seven-person committee, Barbara Ransby, would not sign the report because it did not recommend full divestment, and the chair of the committee, College Dean Robert Pollack will not submit anything but a unanimous report.

"I plan to offer nothing for the Senate to vote on," Pollack said last night. "I consider it my job to deliver to the Senate a report that is unanimous."

He added, "The purpose of unanimity was to convince the Trustees to consider their position a second time."

Ransby, a senior in the school of General Studies, said last night she could not sign the report because "full divestment was not recommended."

Ransby and others who have read the report confirmed that the report in its final form calls for a freeze on any future investments in companies with operations in South Africa. Supporters of the report said it would result in eventual total divestment.

The Ad Hoc Committee on Investments was formed by the Senate six months ago to respond to the Trustees' refusal to divest the \$24 million invested in companies operating in South Africa. On March 25, 1983, the Senate voted without dissent to urge the Trustees to completely divest all stakes in any company operating in South Africa.

As a result of there being no report to discuss at the Senate meeting tomorrow, the committee will have to resume its deliberations in the fall, but Ransby, who will be studying next year at the University of Michigan, will be replaced by someone chosen by the Executive Committee.

Pollack, who serves as chair of the Investments committee, said last night, "I confirm that the committee thought that at one time it had unanimity."

Ransby described the events leading up to the eventual disagreement: the whole committee met for the last time last week a few days before Pollack left on a business trip to California.

"We had a draft before us and we made numerous changes in things as minor as wording, but we concluded without seeing the final draft typed up," she said. "When I saw it the next day, I could not approve it," Ransby added.

Pollack said that the day after he thought there had been unanimous agreement he received a note from Ransby stating that she would withdraw her signature until an attached list of corrections had been made.

Danny Armstrong, leader of the Coalition for a Free South Africa, said last night that although his organization backed Ransby's decision, he was "personally very disappointed and saddened" that Ransby did not sign the report.

"My opinion is that the report would not give us everything we want but the freeze is a step towards divestment," Armstrong said.

See SOUTH AFRICA, 6A

Student faces hearing after fight

By JEREMY FELDMAN and PHILIPPE ADLER

A College student faces a disciplinary hearing with Associate Dean of Students Benson Lieber after punching a Barnard student at a party early Saturday morning.

Both students, College sophomore Dave Nickerson and Barnard junior Megan Canby, said they were drunk and had had an argument. Eyewitnesses at the private party in Wallach Lounge said Nickerson also struck College junior Mark Binder twice.

"I unintentionally hit her after she spit beer in my face," Nickerson said.

"One of her friends grabbed me and ripped my shirt," he said. After that, Nickerson, said, he turned around in confusion and hit Canby, who fell to the floor.

Canby said she was "feeling basically okay," but that she went to Health Services last Monday. "I have a cut gum, sore teeth, a black eye and a bump on the back of my head," she said. Witnesses said that she fell to the floor, which was covered with beer and ice.

Binder, who said he was unhurt, pursued Nickerson across campus while Canby reported the incident to security.

ty. Binder said he could not locate Nickerson.

Canby said that Nickerson claimed in a discussion during the party he was very moral because "he was a Catholic."

"And then I pointed out some of my objections to Catholicism. He got very angry and the discussion got very political and he was talking about the perverted liberals. It was a heated discussion like you hear anywhere on campus," said Canby.

She said Nickerson then grabbed her by the arm and "I said let me go, you're hurting me," and that Nickerson then cursed at her. "I then expelled the beer I had in my mouth towards him and then I don't remember anything."

Nickerson said they were arguing about Vietnam. "I said if I were drafted I would go 'cause it was my patriotic duty," he said, and she disagreed. "I called her a twat," he said. Canby said he called her a "cunt and a twat." Nickerson explained she then spat beer in his face.

Nickerson said he will be present at a disciplinary hearing.

See FIGHT, 6A

In her first term as prof, Carol Bellamy says she learned a little, too

By ANNE KORNHAUSER

Carol Bellamy, president of the New York City Council, flew in from Washington, D.C., yesterday and hurried to her class in 412 Lehman Hall—she was an hour late.

Bellamy, who has been teaching a seminar called "Contemporary Urban Problems" with Political Science Professor Esther Fuchs this semester at Barnard, more than made up for her tardiness by bringing in a huge tray of cheese and crackers.

The seminar of ten Barnard and Columbia students held its last session yesterday, concluding with oral presentations from students on the proposed development of a new mall in Waterford, Conn., the budgeting and efficiency of a nutritional program for women and infants and the revitalization of Baltimore's public housing projects.

Bellamy, who was hired last January as an adjunct professor, has discussed the practical aspects of urban problems, while Fuchs has handled the more theoretical side of issues such as economic development, urban crisis and city financing.

"What I can give people is to take their general thoughts

See BELLAMY, 6A

CC needs to focus more on black studies, critics say

By NAFTALI BENDAVID

Columbia needs a stronger, more coherent black studies curriculum, student leaders, faculty and administrators say.

"Columbia has not done what it should" in the area of black studies, according to History Professor Hollis Lynch. "There's no question that Columbia has responded most inadequately."

There are "no doubt not enough" black studies courses, said Associate Dean of the College Michael Rosenthal, and he added, "We would like to increase that number." But Columbia does have "a fair range of courses," he said.

Peter Johnson, College assistant dean for student affairs, said that Columbia has "failed miserably" in integrating black studies into its curriculum, and Gregory Butler, chairman of the United Minorities Board of Columbia, said that attempts should be made to increase the number of courses in the area.

"I think it's something students want,"

pre-professional advisor and a recent graduate of the College. "More than that, they need it."

According to Philip Benson, deputy to the president for student affairs, Columbia has made "a serious effort to get experts" to teach black studies, including Wallace S. Sayre Professor of Political Science Charles V. Hamilton and Lynch, who are both black. The university's attempts to integrate relevant material into the curriculum have been "successful to a certain extent," Benson added.

The implication of having so little in the area of black studies is that there has been no civilization in the third world and no separate black American experience, according to Matthews. "Racial difficulties and ethnic difficulties" in this country have often been a result of people's not understanding each other's culture, he added.

Why does Columbia not have more in the

ment of black studies means an enormous allocation of money," Rosenthal said, and "Columbia has never felt that studies programs are in the best intellectual interest of our students."

When asked why there is no committee presently looking into the issue of black studies, Rosenthal responded, "I don't know precisely how to answer that. There has never been, so far as I know, any enormous feeling that a group of concerned faculty members wanted to get together" to form a committee.

Lynch explained that during the 1960s, when other schools were creating black studies programs, Columbia's black students were especially radical and put forth proposals that were unacceptable to the faculty, such as one for the creation of a department to be shaped by students and Harlem residents.

"The faculty has no interest in black studies," Johnson concluded. "The faculty

doesn't occur to them. And when it's presented to them, it isn't a priority."

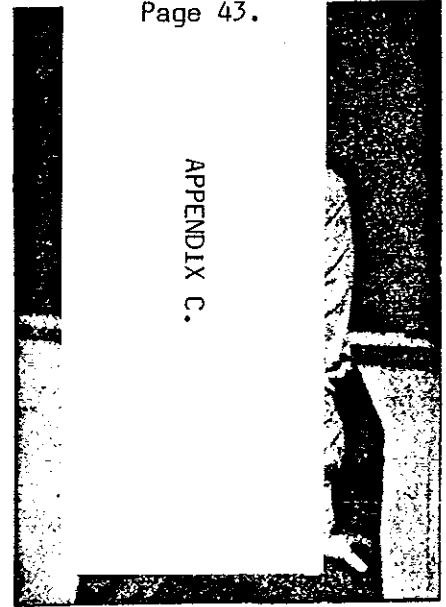
Columbia currently has three tenured black professors, according to Johnson. In addition to Lynch and Hamilton, there is Elliott Skinner, Franz Boas professor of anthropology.

"The bottom line is that our faculties never, in my judgment, received a well thought-out proposal for a black studies program," added Benson.

"The students have not been vocal enough," according to Andrew Campbell, a College student and editor of the student magazine *Black Heights*. Butler explained that there has been unrest and dissatisfaction on many levels within the university, but that there has not been an organized effort to change the situation.

Butler said that it is not necessarily the role of students to force administrators to take action, and that female students did not have to do this. "I don't think it should be a

APPENDIX C.



Carol Bellamy

undergraduate," according to Peter Lufenfeld, a College senior, who nominated Smit. "His breadth of knowledge is absolutely astonishing."

Mark van Doren was a writer, poet, teacher and literary critic who taught at Columbia for 39 years until 1959, when he was named professor emeritus. Van Doren died in 1972 at the age of 78.

South Africa

Armstrong described a dinner meeting earlier this month with Pollack and College senior and Representative to the Senate Stuart Garcia, at which Pollack let Armstrong and Garcia read a draft of the Committee report. "The report implies that divestment will eventually occur, so I said to Dean Pollack 'State divestment is the goal.' He agreed to it." Ransby maintained that the final draft did not include this statement.

Garcia said he felt both "disappointed and frustrated" that there would be no report to debate at Friday's meeting of the Senate. "The dispute came down to a very subtle question of semantics. From what I've heard, the call for divestment was included later to some extent but not to the extent we had agreed to," Garcia said.

Ransby said that after she had made her dispute over the wording of the report's final draft known to Pollack, Pollack "felt to make that change we would have to open the report back up again, and he didn't want to do that."

Ransby said that to agree to the document as it was would have "compromised everything I said for the last two years." She said she felt Pollack's decision not to reopen was a "decision of the chair."

Pollack said that to open the report after a consensus had been reached would have resulted in a loss of much of the agreement. "This was a report which represented the most clear compromise. If it was painful for Barbara it was equally painful to the other members," Pollack said.

"The consensus was that the changes Barbara wanted were not agreed upon at the

political science courses."

Hamilton said that in his department, "The courses have been reasonably integrated into the curriculum. I have no complaints or I would have raised them long ago."

Lynch said that the Institute of African Studies at the School of International and Public Affairs is "anemic" and that there are "many, many gaps." He added that the institute is "not well-rounded, as institutes ought to be."

Columbia has "very few courses that are even offered that are relevant," concluded Barbara Ransby, a General Studies student representative to the University Senate.

"We've spoken to various faculty at the history department, we've talked to various chairmen" about ways to integrate more black studies into the curriculum, Rosenthal said. "The enrichment of the curriculum is very important, and we would hope to see that over the next couple of years."

A black studies committee "may come about at some point," according to Johnson.

There is some disagreement over what mechanisms should be established to deal with black studies. Ransby advocated a major or concentration, as well as "some kind

Bellamy

and describe" concrete methods for attacking urban problems, Bellamy said. She said she offered "some hands-on advice to the students."

"I think I learned as much as the students did," Bellamy smiled. "It was very good."

Fuchs said she and Bellamy made an effective team. "I lucked out," she said. "We complemented each other very well."

Most of the students said they enjoyed the class, although one described it as "easy."

"By and large the course was fantastic," Jon White, a student in the class, said. White said Bellamy was a real asset and was accessible to students through her office hour once a week. "She's always there for it.

She's missed only one class," White said.

This is the second time Fuchs has taught the seminar. Two years ago, she taught it alone. Fuchs said she wanted Bellamy to help her teach the seminar again next spring, but Bellamy said it depended on whether she was running for mayor next year, when her term on the city council expires.

Bellamy, who is also on the board of the Metropolitan Transit Authority, said she enjoyed teaching but dispelled rumors that she eventually wanted to teach full time. She said she would go back to practicing law before she would enter academia.

Continued from page one

RESOLUTION REGARDING INVESTMENTS IN SOUTH AFRICA

BACKGROUND: The Chairman of the Senate Ad Hoc Committee on Investments has asked the President to take to the Trustees a request that the University refrain from making new investments in companies that do business in South Africa until the Senate Committee can present a final report next academic year. The Trustees have authorized the Committee to act in the matter.

PROPOSAL: Upon the recommendation of the President that the request for temporary action be granted, the Committee on Finance acquiesce to the request of the Chairman of the Senate Ad Hoc Committee on Investments.

RESOLUTION: Resolved, that the Committee acquiesce to the request of the Chairman of the Senate Ad Hoc Committee on Investments that the University temporarily refrain from making new investments in companies that do business in South Africa until the Senate Committee presents a final report next academic year. However, since exceptional circumstances may arise in which it is not prudent to so refrain, if additional purchases are made during this interim period, the Investment Office will first inform the Chairman of the Senate Ad Hoc Committee.

May 23, 1984

Pension System To Drop Stocks Over Apartheid

City Fund's Board Acts Against South Africa

By DAVID W. DUNLAP

The trustees of the New York City Employees' Retirement System voted unanimously yesterday to withdraw gradually its investments in companies doing business in South Africa, making it the largest public pension fund in the nation to send such a protest against apartheid.

At first, the fund will divest itself of stocks of those companies "which operate in a manner which directly supports apartheid" or do not have policies "promoting equal treatment and improving the lives of non-white workers," according to the resolution.

After five years, the fund will be rid of all stocks except in companies that are of "substantial assistance" in fighting apartheid, the South African Government's policy of strict racial separation.

About \$665 million of the pension fund's assets of \$8.3 billion is invested in the stocks of companies that do business in or with South Africa.

'Sending a Message'

"What we are doing by our action," said Carol Bellamy, the City Council President and a pension trustee, "is sending a loud and clear message that business as usual in South Africa is not acceptable."

City Comptroller Harrison J. Goldin, another trustee, said, "Companies which persist in promoting apartheid in South Africa are companies in which we do not care to have an investment."

Sitting for Victor Gotbaum, a labor leader and trustee, Arthur Van Houten said: "We don't fool ourselves into believing that apartheid will disappear because of our action. But we hope that it will add to the pressure for change."

The 11 trustees include the three city-wide elected officials, three labor leaders and the borough presidents.

Among the criteria to be used in deciding whether to divest holdings in companies will be the Sullivan Principles. This voluntary code calls for integration of the workplace, equal pay and employment opportunity and increased training for "blacks, coloreds and Asians" in South Africa.

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Divestiture would occur as follows:

After 15 months: companies doing business with the South African military and police, providing financial services to the Government or refusing to sign the Sullivan Principles.

After two years: companies that have signed the principles but do not allow monitoring of compliance.

After three years: companies that do not achieve the highest rating in complying with the Sullivan Principles.

After five years: all companies except those whose activities "are deemed by the trustees to be of substantial assistance to efforts to eliminate apartheid."

A 'Domestic Decision'

South Africa's deputy consul general in New York, Ulrich Ruch, said, "This is obviously a matter of importance to U.S. corporations doing business in South Africa." But, he added, the matter is a "purely domestic decision."

Dumisa Kumalo of the American Committee on Africa said: "Divestment is the most nonviolent pressure we can bring to bear directly on the South African Government. For New York City to do it, the largest pension fund so far, is a fantastic step."

But a private investment consultant, Richard J. Hoffman, took a different view. "Voting against South Africa is like voting against Hitler," he said. "You can't lose politically."

Philip Wetz, a spokesman for the Exxon Corporation — which subscribes to the Sullivan Principles and was rated as "making good progress" in 1983 — said, "We feel we can do more good by staying in South Africa."

"If companies such as Exxon were forced to withdraw," Mr. Wetz said, "the adverse economic effects would be disproportionate to nonwhites."

More Municipalities Joining Drive to Cut South Africa Links

By COLIN CAMPBELL

Ten years ago it was college students who most visibly protested South Africa's official system of racial separation by putting pressure on trustees to sell stock in companies that did business in South Africa. Now American cities and states are, more and more, restricting investments in South Africa.

Activists see municipalities, with billions of dollars invested in South Africa through pension funds and other assets, as a wellspring of wider political appeal for the divestment movement, which had already attracted churches, labor unions, entertainers and athletes.

Since it caught hold among cities in the late 1970's, the divestment campaign has prevailed in about a dozen small ones, often college towns such as Cambridge, Mass., and Berkeley, Calif. Then in 1982 Philadelphia passed a divestment ordinance. Last year Washington followed suit. Since July, Boston and New York City have instituted divestment policies that will require sale or transfer of nearly \$700 million in stocks and bank deposits.

So far, five states, Connecticut, Maryland, Massachusetts, Michigan and Nebraska, have also passed laws on divestment of South African hold-

ings.

At the same time, support for Federal legislation on curtailing investment in South Africa, while opposed by the Reagan Administration, is building in Congress. The House passed measures early this year to halt all new corporate investment in South Africa and require American companies to institute fair-labor practices and benefits for blacks in their South African operations.

The House provisions would prohibit bank loans to the South African Government, except to finance social welfare projects, and would prohibit importing South African krugerrands. "It represents the most far-reaching legislation to date," Representative Stephen J. Solarz, Democrat of Brooklyn, said yesterday. Mr. Solarz, a sponsor of the House measure, said it was tied up in conference with the Senate.

"But even if our bill should die, the effort to register our concern over conditions in South Africa will continue," he said.

Direct investment by American companies in South Africa is estimated by the State Department to total \$2.3 billion, which includes expenditures for factories, real estate and other uses but excludes bank loans and gold stocks. Other estimates, which include the loans and gold stocks, have placed the total American investment as high as \$14 billion.

Supporters see divestment as a way of exerting economic pressure to encourage change in South Africa's racial policies, while opponents, including the Reagan Administration, say such methods could hurt South Africa's economy in general and black workers in particular.

Boston Recruits Others

Last month Mayor Raymond L. Flynn of Boston wrote 100 mayors urging them to copy his city's sweeping divestment ordinance, which makes no exceptions for American companies that have signed principles calling for fair-labor practices. Those principles were devised seven years ago by the Rev. Leon H. Sullivan of Philadelphia, who is a director of General Motors.

Officials in Chicago, Los Angeles, Detroit, Seattle, Gary, Ind., and a few other big cities have replied to Mr. Flynn that they are considering comparable moves. At a meeting in New York Sept. 7, the executive committee

APPENDIX E.

of Mayors endorsed the concept.

"What we do in Boston isn't going to change world politics," Mayor Flynn said in an interview last month. But he said his city had sent "a message," "I think to me and to the people of Boston, the South African Government epitomizes oppression and discrimination," he said.

The Reagan Administration, while criticizing apartheid in South Africa, opposes divestment as a way of pressuring for change there. The Administration argues that divestment could eliminate many jobs, health plans, schools, training programs and other opportunities for South African blacks.

Hundreds of American companies take the same view. So does the South African Government, whose representatives in the United States have devoted increasing attention to the issue.

South Africa's growing concern is epitomized in a 10-page advertisement, paid for by a group of major South African corporations, in the October issue of Fortune magazine. The advertisement acknowledges the "gathering momentum" for divestment and asserts that "a victory for U.S. President-elect candidate Walter Mondale in November could certainly see this campaign intensify."

Mr. Mondale has endorsed the House bill; aides said yesterday.

In a campaign appearance yesterday in Houston Mr. Mondale, as he had done earlier in St. Louis, outlined steps he said he would take to bring pressure on South Africa to end apartheid.

He told college students in both cities he would oppose loans from the International Monetary Fund unless South Africa showed progress in human rights, expand the existing ban on arms sales to include the police, prohibit the sale of krugerrands in the United States and terminate South African airline flights to the United States.

A poll of South African workers published Sunday indicated overwhelming resistance to divestment. Of 551 workers surveyed, 75 percent said they disagreed with the efforts. Of those, 54

percent said divestment would reduce the number of jobs, and 41 percent said divestment would harm blacks. The survey for the South African Institute for Race Relations, which opposes apartheid, was paid for in part by the Reagan Administration.

When Americans sell South African investments or withdraw deposits from banks such as Citicorp and Manufacturers Hanover that are large lenders to South Africa, neither that nation nor the affected corporations necessarily lose. Other investors tend to pick up the slack. But if enough large multinational companies pull out, there is always a chance of significant losses. Perhaps more significantly, there is a chance of erosion diplomatic support.

Economic Concern in South Africa

South Africa's economy has been sluggish in recent years, and the Government at Pretoria was constrained in late 1982 to borrow \$1.1 billion from the International Monetary Fund. The vote to lend the money was close.

In a report, the fund later criticized apartheid as bad economics and called it "essential that the impediments and restrictions governing the labor market be eased."

The lesson of such developments, South Africa's critics say, is that it is susceptible to economic pressure.

Arguments against state and city divestment, include the contentions it is an imprudent way for states and municipalities to manage money, that it may damage American companies, that it may make strategic minerals less available and that it will help polarize South African politics into intransigent defenders of rule by the white minority and supporters of black revolution.

Meanwhile, the Reagan Administration has a policy of "constructive engagement" with South Africa that has resulted in less criticism of that nation from Washington, and fewer trade restrictions than prevailed under President Carter.

Campaigning in Texas yesterday, Mr. Mondale called Mr. Reagan's policy in South Africa a code for saying the heat was off.

Politics and Pension Funds

While municipal and state governments have in the past avoided introducing political criteria into the management of pension and other large funds, they have been influenced in recent years by consultants specializing in "socially responsible" investments.

Such investments have sometimes prospered. Officials in Connecticut and Michigan say they have suffered no financial losses, and in some cases have profited, as a result of their South African divestment.

"That really helped us, because people were saying that you can't divest without losing money," said Dumisani S. Kumalo, a South African who works for the American Committee on Africa in New York, a well-known proponent of divestment.

Recent divestment laws vary considerably in detail. Boston's is total. Connecticut's limits divestment to companies that sell to the South African military and police, or fail to sign the Sullivan principles, or, having signed, obtain less than a first- or second-place rating for their performance.

New York City's new rule, which affects its huge employees' retirement fund, is similar to Connecticut's. Within three years, though, it will apply to companies that fail to get the Sullivan code's highest rating, and within five years it will affect any company doing business in South Africa that is not "of substantial assistance to efforts to eliminate apartheid."

Companies' Performance Judged

Of the 350 American companies doing business in South Africa, 122 have signed the Sullivan principles, according to D. Reid Weedon, vice president of Arthur D. Little, the accounting firm that regularly scores the companies' performance. The most recent accounting gave 62 passing grades.

Mr. Weedon said by telephone from his firm's headquarters in Boston last week that although only 66,000 employees, less than 1 percent of South Africa's labor force, work for American companies that have signed the principles and submitted reports to Mr. Weedon, their working conditions had improved greatly and other companies were imitating their fair-labor practices.

"The influence is a positive one," Mr. Weedon said.

Among other things, the Sullivan principles call for equal pay regardless of race, training, desegregated facilities and benefits for health and education. Since the introduction of those principles, more and more companies have improved conditions, but once the employee leaves the workplace he still lives under the strictures of apartheid.

And proponents of divestment say apartheid is much larger and more important than wages, working conditions and schools in a few private corporations. The argument, moreover, that divestment will hurt blacks, Mr. Kumalo said, is a "racist" one.

"It will hurt blacks and whites," he said. "It will put pressure for change on South Africa."

Columbia University in the City of New York

EXECUTIVE VICE PRESIDENT
FOR FINANCE AND TREASURER

APPENDIX F.

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Letter 1: For companies under consideration for purchase which are thought to have South African operations.

August 2, 1983

Dear (Name):

Columbia University is considering acquiring (Company) securities for its portfolio. As you may be aware, the Columbia Trustees have adopted a policy statement with respect to the University's investments in companies with business interests in South Africa. By way of background information, I am enclosing a copy of a recent Columbia Trustees Statement on University Investments and South Africa as well as a copy of a 1978 Statement of Principles Regarding Investments in American Corporations Having Operations in South Africa.

It is our understanding that (Company) has South African operations. I would appreciate it if you would send us a statement of current policy regarding your company's involvement in South Africa and other relevant background information.

Please do not hesitate to contact me if you have any questions or concerns about Columbia's policy regarding South African investments. Thank you for your assistance and cooperation.

Sincerely,

Anthony D. Knerr
Executive Vice President
for Finance and Treasurer

ADK/pg
Enclosures

EXECUTIVE VICE PRESIDENT
FOR FINANCE AND TREASURER

Low Memorial Library

Letter 2: For companies under consideration for purchase which are
thought not to have South African operations.

August 2, 1983

Dear (Name):

Columbia University is considering acquiring (Company) securities for its portfolio. As you may be aware, the Columbia Trustees have adopted a policy statement with respect to the University's investments in companies with business interests in South Africa. By way of background information, I am enclosing a copy of a recent Columbia Trustees Statement on University Investments and South Africa as well as a copy of a 1978 Statement of Principles Regarding Investments in American Corporations Having Operations in South Africa.

It is our understanding that (Company) has no South African operations, and if so, I would appreciate a confirmation of that understanding.

Please do not hesitate to contact me if you have questions or concerns about Columbia's policy regarding South African investments. Thank you for your assistance and cooperation.

Sincerely,

Anthony D. Knerr
Executive Vice President
for Finance and Treasurer

ADK/pg
Enclosures

EXECUTIVE VICE PRESIDENT
FOR FINANCE AND TREASURER

Low Memorial Library

Letter 3: For companies currently in Columbia's portfolio

August 2, 1983

Dear (Name):

As you may be aware, the Columbia Trustees recently adopted a Statement on University Investments and South Africa. I am enclosing a copy of the Statement for your information. Please do not hesitate to contact me if you have questions or concerns about any aspect of the Statement.

Sincerely,

Anthony D. Knerr
Executive Vice President
for Finance and Treasurer

ADK/pg
Enclosures

Reform for Whom?:
Migrant Labor
and the Sullivan Principles in South Africa

A report prepared by the
Institute of African Studies,
for the University Senate

Columbia University
March 22, 1984

The following report, prepared for the University Senate of Columbia University, examines the status of migrant labor in the Republic of South Africa, with special reference to the impact on migrant labor of those American multi-national corporations which are signatories to the Sullivan Principles code of conduct.

The term "migrant," when used in South Africa, refers to three general groups of workers: foreign workers, workers from the homelands of South Africa on yearly contract in the white areas, and residents of the homelands who daily commute to work in South Africa. But these definitions can be nothing short of confusing unless they are understood within the context of the system of racial segregation known as apartheid. Therefore, before proceeding with the specific discussion, it is helpful to describe the basic features of the society within which both migrant labor and American business operate.

Migrant Labor under Apartheid:

The issue of migrant labor is inextricably bound up with the structures of racial division in South Africa. The modern system of migrant labor dates back to the earliest years of this century when the land was divided into areas for white and black settlement, with the whites laying claim to 87% of the surface area of South Africa. By organizing African rural reserves, the white government hoped to control the movement of African workers and regulate their distribution according to the labor demands of agriculture, industry, and the mines. Under the system, individual male migrants would be supported by their families still enmeshed in the rural subsistence economy, which also provided a system of rural social control under the remaining traditional tribal authority. The central government thus avoided the cost of rural social welfare while urban employers could pay their

migrant workers lower wages, since a portion of the migrant's upkeep was supplied in the subsistence sector.

Through the 1940s, succeeding South African governments sought to control, rather than eliminate the permanent urban residence of Africans. A series of laws, beginning with the Natives (Urban Areas) Consolidation Act of 1945 and subsequent amendments, defined the terms on which Africans could acquire permanent urban rights. In its central provision, Section 10 (1), the act grants urban rights ('Section 10 rights') to 'qualified' Africans. Under the act it became an offense for an African to remain longer than seventy-two hours in the white areas unless the individual could prove:

- (a) continuous residence in the area since birth; or
- (b) continuous work in the area for the same employer for ten years or continuous lawful residence in the area for at least fifteen years; or
- (c) status as the wife, unmarried daughter, or minor son of a male qualifying under (a) or (b); or
- (d) permission from a labor bureau to remain.

Convictions for violations of the Act are harsh: a large fine, imprisonment, or "endorsement out," i.e., transport back to the homelands.¹

After 1948, however, the newly-elected Nationalist government redefined the racial divisions of the society. Not only were the four main ethnic groups assigned to specific residential sections in urban areas (under the terms of the Group Areas Act), but Africans were further divided into ten "nations" based on imputed ethnic, cultural, or linguistic affiliations. Each nation was "granted" possession of its own independent section of South Africa—a potential (and thus far in four cases, actual) national homeland for the group in which its members may acquire citizenship and political rights. In the grand vision, all Africans were to be citizens of an independent homeland, with no claim to citizenship or political rights in South Africa.² According to the Rockefeller Study Commission

on U.S. policy toward South Africa, the homelands policy rests on the fiction that Africans are but temporary sojourners in South Africa rather than a permanent, integral part of the society. The Commission reports that the policy "becomes a device for assuring a continuing supply of African labor while avoiding the granting of full political, civil, economic, and social rights to the African workers and their families."³

Further amendments to the homelands scheme, especially The Bantu Labour Act of 1964 and the Bantu Labour Regulations of 1968 rearranged significantly the recruitment of African workers. Those Africans with urban rights were largely unaffected, but for migrants the story was a little different. Up to 1968, each municipality controlled the influx of Africans to cities by granting permission for work in urban labor bureaux. With the Bantu Labour Regulations in 1968, the stress shifted to control of efflux of Africans from the homelands, through labour bureaux in the rural areas which placed African migrants in urban employment. Thus, African migrants from the homelands entering employment after 1968 were able to work in an urban area on a contract basis only. The one-year contracts were controlled not by labour bureaux in the towns, but by labour bureaux in the homelands, and Africans were only allowed to leave the homelands for work according to labor demands from the white areas. When the contract expired, the worker would have to return to the homeland, and re-register as a workseeker in the homeland labour bureau. The system severely restricted the mobility of African labour, and thereby ensured that the supply of male Africans in a 'white' area corresponds to the area's 'labour requirements,' and that these workers remain temporary workers stripped of bargaining power.

The act effectively undermined the provisions of Section 10 (1) (b) under which migrant workers could hope to gain urban rights by continuous labor in the urban areas for ten years with the same employer or fifteen years with more than one

employer. As the terms of the labor contract are on a year-to-year basis, requiring the worker to return periodically to the homelands, the worker could no longer claim continuous residence in the urban areas: ten separate one-year contracts did not amount to ten years continuous residence.

A recent court case appears to have overturned the section of the law defining continuous residence. In the Rikhoto decision, the South African courts ruled that a migrant laborer who worked for a single employer in an urban area for ten years worked continuously for that employer, even though he returned home at the end of each year to renew his contract. It is estimated that some 144,000 migrants would qualify for Section 10 (1) (b) rights under the new interpretation. But the government plans to introduce legislation which will require that those migrants eligible for urban rights possess accommodations for their families in the urban areas. Given the lengthy waiting-list for urban housing, estimated at more than ten years in Soweto, for example, the policy effectively imposes a Catch-22 which will likely close the loophole opened by the Rikhoto decision.⁵ Migrant laborers will likely remain where they began: excluded from urban areas.

Definitions and Statistics:

Against the background of the homelands policy and the system of labor control, the confusing categories of migrant labor can be sorted out. Migrant labor in its broadest sense refers to laborers from foreign countries who work in South Africa. While this includes some Europeans contracted to work in specialized industries such as engineering and computers, the term usually applies to Africans from the southern African states hired on a yearly contract. Their families are left behind in their home countries to which the workers return on the expiration of the contract. In 1981, the number of these foreign migrant workers totaled 301,758, originating mostly from Lesotho and Mozambique (see Table 1), and were

largely employed in mining. The volume of foreign migrant labor has dropped precipitously from the 1975 level of 646,504, largely due to technological changes in mining, new political policies in the independent front-line states, and a South African strategy of increasing the amount of homeland labor.

In its more restricted usage, which will be employed for the remainder of this report, migrant labor refers to those Africans resident in the homelands (independent or not), who are assigned work in the rural or urban areas of South Africa through the labour bureau procedures outlined above. Such workers must register as work-seekers in the homelands and be assigned a job in South Africa before being granted permission to leave. In the sense used here, migrant labor divides into two categories, "migrants" and "commuters." The former refers to those workers whose families live in the homelands but who must work in the urban or rural areas alone, on a yearly contract, returning home at the expiration of the contract to reapply for work at the homeland labour bureau. The latter term refers to those Africans who live in the homelands with their families within daily commuting distance of urban employment. The influx controls apply with equal force to both groups, though in some cases commuters do not have to obtain actual employment before leaving the homelands, but merely have to register at the homeland labour bureau before seeking work in town. Both migrants and commuters are drawn largely from the homelands of Bophuthatswana, Transkei, Lebowa, and KwaZulu, and are employed primarily in the Durban area and in the industrial zone known as the Pretoria-Witwatersrand-Vereeniging triangle in the Transvaal (see Table 2).

In line with the observed decrease in labor supplied by foreign Africans, the volume of both migrant and commuter labor has increased steadily throughout the last decade. In 1981, 1,329,000 Africans engaged in migrant labor, more than a 65% increase over the 1970 figure of 866,300. Over the same period the volume of com-

muter labor jumped to 745,000 from 290,800, more than doubling. (see Table 2).

The growth in both forms of migrant labor, especially the overwhelming increase in commuter labor, reflects the government's policy to move ahead with the geographic division of South Africa into a 'white' core surrounded by peripheral 'black' areas. The statistics for removals from white areas bear out the extreme ends to which the government has gone to pursue its policy. Between 1960 and 1980, more than 3.5 million blacks were uprooted and sent either to the homelands (Africans), or to newly proclaimed Group Areas in the cities (Africans, Coloureds, and Indians) (see Table 3). 3.2 million Africans were forcibly removed to the homelands, while an estimated 1.7 million Africans still await removal. Thus, within the span of one generation, approximately 25% of the total African population has been forcibly relocated by the government.⁶ While the 1960 census found some 39.5% of Africans residing in the homeland areas, by the 1980 census, the figure rose to 54%.⁷

To reiterate, because the point needs to be stressed, Africans removed to the homelands lose their citizenship rights in South Africa, including their urban residence rights, when the homeland becomes independent. Further, conditions in the homelands are nothing short of appalling, especially in their more rural areas. With the exception of parts of Bophuthatswana, they are without mineral resources, over-crowded, over-grazed, suffering from erosion and a total lack of agricultural inputs. The homelands cannot feed themselves, and must import food. To earn the money to feed the populations, the homelands must export labor-in huge amounts-to South Africa, so that the remittances of the migrant workers can support the people left behind. Indeed, the per capita income from sources within the homelands was R73 in 1975, but increased to R300 when the earnings of migrants were added.⁸

Dependence on South Africa is increasing, despite efforts to promote homeland development. In 1976, 71.6% of the homelands GNP was accounted for ^{by} ~~the~~ migrant

worker remittances, up from 55.4% in 1960. "It is scarcely an exaggeration," the Rockefeller Commission reports, "to say that the homeland 'economies' are really located in the common areas of South Africa."⁹ Few hospitals, high bed-to-patient ratios, high infant mortality rates (estimated in some areas to be as much as 50%), and starvation are the degenerative social effects of such conditions of dependence. Homeland "independence" cannot be conceived without at least redefining the term beyond recognition. They are merely rural repositories for the surplus people of South African society, and a pool from which the economy can draw a supply of relatively cheap and totally disenfranchised labor.

Rights of Migrant Workers:

At the same time that the government has extended progressive reforms to those urban workers who possess Section 10 rights, it has also more stringently defined the differences between urban workers and migrants. Relocation to the homelands dispossesses Africans of their land or homes, their claim to South African citizenship and political rights, and increases their powerlessness in seeking jobs and services within South Africa. Further, in spite of the landmark Rikhotso decision, the system of yearly contracts has virtually prevented the migrant population from gaining Section 10 rights, the only path toward some measure of security under apartheid. The government's attempts to drive a wedge between sections of the black population extends directly into the well-publicized reform package itself. The 99-year leaseholds, trade union rights, and the measure of political participation held out to urban blacks were all carefully crafted to exclude migrant workers. Proposed government legislation, known as The Orderly Movement and Settlement of Black Persons Bill would forever freeze the division between permanent urban residents (those who today possess Section 10 rights) and citizens of the homelands: the former alone would be eligible for the rights under

the new dispensation.

The government's plans have thus far been stalled, due to widespread popular protest, particularly from the black trade union movement and from the churches, so that for the time being migrants enjoy the same rights to belong to trade unions as workers with Section 10 rights. Within trade unions they would enjoy the same advantages as other workers, when the gains can be won at all: wage increases, health care, and improvements in the quality of the workplace, such as desegregation of facilities, and entry into apprenticeship programs.

Sullivan Signatory Companies and Migrant Workers:

In 1983, 119 of the approximately 300 American companies operating in South Africa were signatories to the Sullivan Principles code of conduct, down from 145 in 1982. Together, the companies employed 66,175 workers, down from 69,013 in 1982, of whom 44% or approximately 29,000 were Africans.¹⁰ It is difficult to calculate the percentage of migrant workers among the total African population employed by the companies, but the estimate offered by the Arthur D. Little Co., which monitors compliance with the code, placed the number at between 1,000 and 10,000 contract workers, though probably much closer to the lower estimate.¹¹ The impression was given that migrant labor makes up but a small percentage of the total workforce because the companies are mainly capital-intensive in character, requiring largely semi-skilled, skilled, or professional employees (see Table 4).¹² Migrant workers are generally not well-represented within those job categories.

Thus, while migrant workers in Sullivan signatory companies would receive exactly the same benefits as non-migrant workers, there are very few migrants employed by the companies in the first place, so their reform programs would have very little affect on the well-being of the migrant labor population in general. But the key problem facing Sullivan signatory companies in their efforts to upgrade

the status of their black workers is the homeland system itself and the attempts by the state to separate even further migrant workers from permanent urban residents. The Sullivan reforms, whether in the factory or in the communities where the workers reside, cannot bridge the divide, except in those few cases where the company is either located in a homeland or draws its workforce from a commuter labor pool in a homeland. Even if the reforms may benefit individual migrant workers while in the cities, reforms granted at the urban pole of migration do not translate into substantial benefits for the family back in the homelands.

The companies have made some extreme efforts to assist migrant workers in gaining their Section 10 rights, and in 1982, 652 migrants employed by Sullivan signatory companies qualified as permanent urban residents under Section 10 (1) (b).¹¹ It is worth pointing out that the major way companies have helped their few migrant workers has been assisting them in overcoming their status as migrants, rather than improving their lot within the migrant labor system.

Conclusion:

The policies of Sullivan signatory companies have made an impact on the lives of some migrant workers, but the figure of 652 migrants gaining Section 10 rights pales beside the massive numbers of forced removals, 3,000,000 and more which have occurred and 1,700,000 which are certain to occur shortly. The horrific conditions on the ground in the homelands, which are the permanent conditions of life for more than half of the African population of South Africa, are beyond the power of any individual corporation or group of corporations, as are the government policies which created those conditions. In spite of seven years of pressure from the signatories, the government of South Africa remains today steadfastly committed to the further division of the African population into citizens and non-citizens, and to the resultant enmiseration of South Africans confined to the homelands.

Tables

Table 1: Employment of Foreign Blacks by Country of Origin, 1975-1981

Country	1975	1976	1977	1978	1979	1980	1981
Angola	3,843	805	1,483	341	275	293	69
Botswana	59,835	43,159	43,527	34,664	32,463	29,527	29,169
Lesotho	235,494	160,634	173,882	155,623	152,032	142,329	150,422
Malawi	47,825	12,761	12,413	38,525	35,803	31,824	30,602
Mozambique	250,841	111,257	68,231	49,108	61,550	61,284	59,391
Zimbabwe	13,229	32,716	37,917	27,494	21,547	20,551	16,965
Swaziland	24,703	20,750	18,195	14,054	13,006	12,180	13,418
Zambia	914	766	679	843	809	915	727
Other	9,820	7,162	3,768	6,399	9,224	3,103	995
Total	646,504	390,010	360,095	327,051	326,709	302,006	301,758

Source: Institute of Race Relations, Survey, 1982, p. 85.

Table 2: Migrants and Commuters to South Africa from the Homelands:

	1970		1979		1981	
	Migrants	Commuters	Migrants	Commuters	Migrants	Commuters
Ciskei	22,100	40,000	56,000	38,100	60,000	38,400
KwaZulu	246,900	127,000	261,000	372,900	280,000	384,000
QwaQwa	3,500	1,000	43,000	6,800	51,000	9,500
Lebowa	158,300	26,000	175,000	65,800	186,000	72,200
Gazankulu	61,500	3,400	50,000	8,800	58,000	9,700
KaNgwane	12,200	3,000	48,000	35,600	57,000	40,000
KwaNdebele	-----	-----	44,000	5,900	63,000	8,700
Transkei	248,300	3,400	308,000	9,000	336,000	9,100
Bophuthatswana	62,600	84,000	197,000	164,800	197,000	162,200
Venda	50,900	3,000	35,000	5,600	41,000	5,700
Total	866,300	290,800	1,217,000	713,300	1,329,000	745,500

Source: South Africa Yearbook, 1982 pp. 234, 240.

Institute of Race Relations Survey, 1982, p. 86.

Table 3: Forced Removals, 1960-1982

Province	Removed	Under Threat of Removal
Cape		
Eastern Cape	401,000	477,000
Western Cape	32,000	?
Northern Cape	150,000	25,000
	385,000*	36,000*
Orange Free State	514,000	?
Natal	745,500	622,000
Transvaal	1,295,400	605,500
Total	3,522,900	1,765,500

*Indicates people relocated within urban areas under the terms of the Group Areas Act, so the figure includes an unspecified number of Coloureds and Indians.

Source: Surplus Peoples Project, Forced Removals in South Africa, v. 1, p. 8.

Table 4: Racial Composition of Workforce of Signatories to the Sullivan Principles, in Selected Occupational Categories, 1983

Skill Category	Total Workforce	Total African Workforce
Unskilled	13,469	10,177
Semi-Skilled Trainee	780	581
Semi-Skilled	13,663	9,604
Skilled Trainee	1,286	463
Skilled	8,329	2,186
Clerical/Administrative Trainee	297	134
Clerical/Administrative	9,407	1,561
Sales Trainee	216	82
Sales	3,992	1,056
Professional Trainee	232	65
Professional	3,371	176
Supervisory Trainee	316	172
Supervisory	5,229	1,007
Managerial Trainee	143	31
Managerial	4,078	62
Other	1,367	1,327
Total	66,175	28,684

The proportion of African unskilled labor to total African labor is .35, while the proportion of African unskilled and semi-skilled labor to total African labor is .71; both figures are far below the normal distribution of African unskilled and semi-skilled labor.

Source: Arthur D. Little Corporation

Notes

¹See The Report of the Study Commission on U.S. Policy Toward Southern Africa, South Africa: Time Running Out (Berkeley: University of California Press, 1981), p. 60; also, Muriel Horrell, Laws Affecting Race Relations in South Africa (Johannesburg: South African Institute of Race Relations, 1978), pp. 172-174.

²See Time Running Out, pp. 49-51; Laws Affecting Race Relations, pp. 37-43; and Nicholas Haysom, "Ruling With the Whip: a report on the violation of human rights in the Ciskei," Centre for Applied Legal Studies, University of the Witwatersrand, Johannesburg, Occasional Papers, no. 5, pp. 3-5.

³Time Running Out, p. 51.

⁴See "Migrant Workers in South Africa: Question of Rights and Racism," World Council of Churches Dossier #3, February 1979, p. 19.

⁵Johannesburg Star, June 27, 1983 "144,000 Migrant Workers Qualify For Urban Rights".

⁶Figure extrapolated from the following table:

Population: (1980)

African*	16,900,000
Transkei	2,323,650
Bophuthatswana	1,323,650
Venda	315,545
Total	3,962,845
Total African	20,862,845
White	4,500,000
Coloured	2,600,000
Asian	821,000
Total	28,783,845

*(excludes population of the Transkei, Bophuthatswana, and Venda)

Source: South African Institute of Race Relations, Survey of Race Relations in South Africa, 1982 (Johannesburg: South African Institute of Race Relations, 1983), pp. 43 and 45.

⁷Surplus Peoples Project, Forced Removals in South Africa, v. 1, General Overview (Cape Town: Surplus Peoples Project, 1983), p. 2.

⁸Time Running Out, p. 150.

⁹ibid.

¹⁰ Figures provided by Ms. Meg Voorhees, Researcher at the Investor Responsibility Research Center, Washington, D.C.; telephone conversation, March 19, 1984.

¹¹ Estimate provided by Ms. Susan Pendleton, Assistant to the Vice President responsible for Sullivan code monitoring, Arthur D. Little Corporation, Boston, MA; telephone conversation, March 19, 1984.

¹² *ibid.*



KEYPOINTS
ACT

STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

As 'n Nuusblad by die Poskantoor Geregistreer

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[OL. 181]

KAAPSTAD, 25 JULIE 1980

CAPE TOWN, 25 JULY 1980

[No. 7134]

KANTOOR VAN DIE EERSTE MINISTER

OFFICE OF THE PRIME MINISTER

No. 1515.

25 Julie 1980.

No. 1515.

25 July 1980.

hierby word bekend gemaak dat die Staatspresident sy assent gegee het aan die onderstaande Wet wat hierby gepubliseer word:—

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

Wet van 1980: Wet op Nasionale Sleutelpunte, 1980.

No. 102 of 1980: National Key Points Act, 1980.

ACT

To provide for National Key Points and the safeguarding thereof and for matters connected therewith.

*(English text signed by the State President.)
(Assented to 1 July 1980.)*

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows:—

1. In this Act, unless the context otherwise indicates—
- 5 (i) "area" means any soil or water surface, whether with a building, installation or structure thereon or not, and includes any place; (ii)
- 10 (ii) "incident" means any occurrence arising out of or relating to terroristic activities, sabotage, espionage or subversion; (iv)
- 15 (iii) "Minister" means the Minister of Defence; (v)
- (iv) "National Key Point" or "Key Point" means any place or area which has under section 2 been declared a National Key Point; (vi)
- (v) "owner", in relation to a place or area declared a National Key Point under section 2, includes—
- (a) the person registered as the owner of the land constituting such place or area;
- 20 (b) the person who by virtue of any right acquired from a person referred to in paragraph (a), lawfully occupies such place or area;
- (c) where the person referred to in paragraph (a) or (b) is deceased, a minor, insolvent, insane or otherwise legally incompetent, an executor, administrator, guardian, trustee, liquidator, curator or other person who controls the estate and assets of that person or represents him;
- 25 (d) where the State owns or occupies such place or area, the head of the department under the control of which the place or area is;
- 30 (e) any person under whose control or management such place or area is; (i)
- (vi) "place" means any premises, building, installation or industrial complex; (vi)
- 35 (vii) "this Act" includes any regulation made thereunder. (iii)

Definitions.

2. (1) If it appears to the Minister at any time that any place or area is so important that its loss, damage, disruption or immobilization may prejudice the Republic, or whenever he considers it necessary or expedient for the safety of the Republic

Declaration of any place or area as a National Key Point.

or in the public interest, he may declare that place or area a National Key Point.

(2) The owner of any place or area so declared a National Key Point shall forthwith be notified by written notice of such declaration.

3. (1) On receipt of a notice mentioned in section 2 (2), the owner of the National Key Point concerned shall take steps to the satisfaction of the Minister in respect of the security of the said Key Point. Duties of owner in relation to Key Point.

10 (2) If the said owner fails to take the said steps, the Minister may by written notice order him to take, within a period specified in the notice, such steps in respect of the security of the said Key Point as may be specified in the notice.

(3) If the said owner fails without reasonable cause to take the steps specified in the said notice within the period specified therein, he shall be guilty of an offence and be liable on conviction to a fine not exceeding R20 000 or to imprisonment for a period not exceeding five years or to both such fine and such imprisonment, and in addition the Minister may take or cause to be taken the said steps and recover the cost thereof from that owner.

4. (1) The Minister may with a view to the exercise of a power granted to him by this Act, order any person in writing to furnish him within a specified time with any information at his disposal relating to or in connection with any place or area. Furnishing Minister with information.

(2) Any person who—

30 (a) in response to an order referred to in subsection (1) furnishes information which is false or incorrect in any material respect; or
(b) makes known any information furnished in terms of subsection (1) to any person, except for the purposes of this Act or as a witness in a court of law during a prosecution in terms of this Act,
shall be guilty of an offence and liable on conviction to a fine not exceeding R10 000 or to imprisonment for a period not exceeding three years or to both such fine and such imprisonment.

(3) The provisions of subsection (2) shall not prohibit the disclosure of information—

40 (a) by any person in so far as it is strictly necessary for the performance of his functions in regard to his employment in connection with, or his ownership of, the place concerned;
(b) when authorized by the Minister.

5. (1) The Minister may on such conditions as he may determine with the concurrence of the Minister of Finance, appoint such persons as he may consider necessary to assist him in the performance of his functions in terms of this Act. Performance of functions in terms of this Act.

(2) Any member of the South African Defence Force may be compelled to perform functions in terms of this Act as if they are functions which he can be compelled to perform in terms of the Defence Act, 1957 (Act No. 44 of 1957): Provided that any functions so performed shall be deemed to have been performed in terms of the said Defence Act.

(3) The Minister may designate any officer of any department of State or provincial administration with the concurrence of the Minister or Administrator administering that department or administration, to perform such functions in terms of this Act as the Minister may determine.

6. (1) The Minister may appoint such committees as he may deem fit to report to him or to advise him or to exercise any power conferred on him under this Act, except a power excluded in terms of section 9. Appointment of committees and remuneration of members.

(2) There shall be paid to any member of any such committee who is not an officer as defined in section 1 of the Public Service Act, 1957 (Act No. 54 of 1957), such remuneration and allowances as the Minister may determine with the concurrence of the Minister of Finance.

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(3) Any such committee shall, subject to the directions of the Minister, determine its own procedure.

7. The State or the Minister or any person in the service of the State shall not be liable for any loss or damage as a result of bodily injury, loss of life or damage to property caused by or arising out of or in connection with any act ordered, performed or executed under this Act.

Indemnity against loss or damage.

8. The provisions of this Act shall not prevent any owner of any place or area declared a National Key Point from taking or causing to be taken, in addition to any steps required or ordered in terms of this Act, such measures as he may consider necessary for the efficient security of that Key Point and any goods thereon or therein.

Powers of owner of a National Key Point.

9. The Minister may on such conditions as he may deem fit, in writing empower any person to exercise on his behalf any of the powers conferred on him by this Act, except a power referred to in section 5, 6 or 11.

Delegation of powers.

10. (1) Any person who at, on, in connection with or in respect of any National Key Point performs any act which, if such act would have constituted an offence in terms of the Official Secrets Act, 1956 (Act No. 16 of 1956), if performed or executed at, on, in connection with or in respect of any prohibited place, as defined in section 1 of that Act, shall be guilty of an offence and liable to the penalties prescribed for that act in that Act.

Offences and penalties.

(2) Any person who—

- (a) hinders, obstructs or thwarts any owner in taking any steps required or ordered in terms of this Act in relation to the efficient security of any National Key Point;
- (b) hinders, obstructs or thwarts any person in doing anything required to be done in terms of this Act;
- (c) furnishes in any manner whatsoever any information relating to the security measures applicable at or in respect of any National Key Point or in respect of any incident that occurred there, without being legally obliged or entitled to do so, or without the disclosure or publication of the said information being empowered by or on the authority of the Minister, or except as may be strictly necessary for the performance of his functions in regard to his employment in connection with, or his ownership of, or as may be necessary to protect, the place concerned,

shall be guilty of an offence and on conviction liable to a fine not exceeding R10 000 or to imprisonment for a period not exceeding three years or to both such fine and such imprisonment.

11. (1) The Minister may make regulations as to—

Regulations.

- (a) the appointment of guards by owners of Key Points;
- (b) the powers of such guards in respect of the searching of persons, examination and seizure of articles in the possession of persons, arrest of persons and the application of reasonable force, including the use of firearms, to persons, in connection with such persons' presence at or in the vicinity of Key Points;
- (c) in general, the powers of such guards in respect of the security of Key Points;

NATIONAL KEY POINTS ACT, 1980

Act No. 102, 1980

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- (d) financial aid, if any, for an owner of a National Key Point in relation to steps, mentioned in section 3, taken by him;
- 5 (e) in general, anything which in his opinion it is necessary to prescribe so as to achieve the objects of this Act.
- (2) Regulations made under subsection (1) may prescribe penalties for any contravention thereof or failure to comply therewith, not exceeding the penalties prescribed in section 10.
- 10 12. The Minister or any person authorized thereto by him may enter upon any place or area so as to verify any information furnished in terms of section 4 or to gather information or to check any steps being or to be taken in terms of this Act. Entry upon places and areas.
13. The provisions of sections 2, 3 (1), 3 (2) and 12 shall bind the State. Certain provisions bind the State.
- 15 14. This Act shall be called the National Key Points Act, 1980. Short title.

THE(SULLIVAN)
STATEMENT OF PRINCIPLES
(THIRD-AMPLIFICATION)

November 4, 1982

FIRST ISSUED MARCH 1977

1ST AMPLIFICATION JULY 1978

2ND AMPLIFICATION MAY 1979

3RD AMPLIFICATION NOVEMBER 1982

STATEMENT of PRINCIPLES

of U.S. Firms with Affiliates

in the

REPUBLIC of SOUTH AFRICA

Non-segregation of the races in all eating, comfort and work facilities.

Equal and fair employment practices for all employes.

Equal pay for all employes doing equal or comparable work for the same period of time.

Initiation of and development of training programs that will prepare, in substantial numbers, Blacks and other non-whites for supervisory, administrative, clerical and technical jobs.

Increasing the number of Blacks and other non-whites in management and supervisory positions.

Improving the quality of employes' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.



Reverend Leon H. Sullivan

INTRODUCTION

In early 1977, I announced the endorsement of an initial twelve American firms to a set of six principles to promote racial equality in employment practices for U.S. firms operating in the Republic of South Africa to promote programs which can have a significant impact on improving the living conditions and quality of life for the non-white population, and to be a major contributing factor in the end of apartheid.

The Statement of Principles was amplified on June 6, 1978 as a result of the world-wide interest and the momentum gained through its implementation. Again on May 1, 1979 the Statement of Principles was amplified to incorporate changes in the industrial setting, laws, and social conditions. Also as emerging needs became more evident, goals and objectives were established to encompass them.

This amplification is a continuation of the evolutionary nature of the Principles to maximize their impact in being "a major contributing factor toward the ending of apartheid." It reflects activities undertaken in the implementation of the Principles, findings and observations, the growth in participation from 12 to 150 United States companies, and on-going communication and consultation with the Black leaders living in South Africa.

This amplification also requires a more stringent implementation of the Principles, increased dimensions of activities, more sensitivity to employee concerns, a broadened scope of union recognition, further direction for training and promoting non-whites to all levels of company operation, and certified reporting.

It is my hope that this initiative can continue to gain momentum and support of people from all walks of life, and particularly industrial and other business enterprises from around the world. If this happens, this program will be a tremendous force for change, and a vital factor in helping to end apartheid in South Africa...without a violent war, and without the heavy loss of lives, the vast majority of whom would undoubtedly be Black.

STATEMENT of PRINCIPLES

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of U.S. Firms with Affiliates

In the

REPUBLIC of SOUTH AFRICA

Principle I Non-Segregation of the races in all eating, comfort and work facilities

Each signator of the Statement of Principles will proceed immediately to:

- Eliminate all vestiges of racial discrimination.
- Remove all race designation signs.
- Desegregate all eating, comfort and work facilities.

Principle II Equal and fair employment practices for all employees

Each signator of the Statement of Principles will proceed immediately to:

- Implement equal and fair terms and conditions of employment.
- Provide non-discriminatory eligibility for benefit plans.
- Establish an appropriate and comprehensive procedure for handling and resolving individual employee complaints.
- Support the elimination of all industrial racial discriminatory laws which impede the implementation of equal and fair terms and conditions of employment, such as abolition of job reservations, job fragmentation, and apprenticeship restrictions for Blacks and other non-whites.
- Support the elimination of discrimination against the rights of Blacks to form or belong to government registered and unregistered unions and acknowledge generally the rights of Blacks to form their own unions or be represented by trade unions which already exist.
- Secure rights of Black workers to the freedom of association and assure protection against victimization while pursuing and after attaining these rights.
- Involve Black workers or their representatives in the development of programs that address their educational and other needs and those of their dependents and the local community.

Principle III Equal pay for all employees doing equal or comparable work for the same period of time

Each signator of the Statement of Principles will proceed immediately to:

- Design and implement a wage and salary administration plan which is applied equally to all employees, regardless of race, who are performing equal or comparable work.
- Ensure an equitable system of job classifications, including a review of the distinction between hourly and salaried classifications.

- Determine the extent upgrading of personnel and/or jobs in the upper echelons is needed, and accordingly implement programs to accomplish this objective in representative numbers, insuring the employment of Blacks and other non-whites at all levels of company operations.
- Assign equitable wage and salary ranges, the minimum of these to be well above the appropriate local minimum economic living level.

Principle IV Initiation of and development of training programs that will prepare, in substantial numbers, Blacks and other non-whites for supervisory, administrative clerical and technical jobs

Each signator of the Statement of Principles will proceed immediately to:

- Determine employee training needs and capabilities, and identify employees with potential for further advancement.
- Take advantage of existing outside training resources and activities, such as exchange programs, technical colleges, and similar institutions or programs.
- Support the development of outside training facilities, individually or collectively - including technical centers, professional training exposure, correspondence and extension courses, as appropriate, for extensive training outreach.
- Initiate and expand inside training programs and facilities.

Principle V Increasing the number of Blacks and other non-whites in management and supervisory positions

Each signator of the Statement of Principles will proceed immediately to:

- Identify, actively recruit, train and develop a sufficient and significant number of Blacks and other non-whites to assure that as quickly as possible there will be appropriate representation of Blacks and other non-whites in the management group of each company at all levels of operations.
- Establish management development programs for Blacks and other non-whites, as needed, and improve existing programs and facilities for developing management skills of Blacks and other non-whites.
- Identify and channel high management potential Blacks and other non-white employees into management development programs.

Principle VI Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities

Each signator of the Statement of Principles will proceed immediately to:

- Evaluate existing and/or develop programs, as appropriate, to address the specific needs of Black and other non-white employees in the areas of housing, health care, transportation and recreation.
- Evaluate methods for utilizing existing, expanded or newly established in-house medical facilities or other medical programs to improve medical care for all non-whites and their dependents.

- Participate in the development of programs that address the educational needs of employees, their dependents, and the local community. Both individual and collective programs should be considered, in addition to technical education, including such activities as literacy education, business training, direct assistance to local schools, contributions and scholarships.
- Support changes in influx control laws to provide for the right of Black migrant workers to normal family life.
- Increase utilization of and assist in the development of Black and other non-white owned and operated business enterprises including distributors, suppliers of goods and services and manufacturers.

With all the foregoing in mind, it is the objective of the companies to involve and assist in the education and training of large and telling numbers of Blacks and other non-whites as quickly as possible. The ultimate impact of this effort is intended to be of massive proportion, reaching millions.

PERIODIC REPORTING

The Signatory Companies of the Statement of Principles will proceed immediately to:

- Report progress on an annual basis to Reverend Sullivan through the independent administrative unit he has established.
- Have all areas specified by Reverend Sullivan audited by a certified public accounting firm.
- Inform all employees of the company's annual periodic report rating and invite their input on ways to improve the rating.

There will be a continuing review and assessment of these guidelines in light of changing social circumstances in South Africa as well as the results of Progress Report evaluations, and periodic on-site monitoring in South Africa.

Third Amplification

November 4, 1982

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FOES OF APARTHEID DISPUTED IN POLL

Black South African Factory Workers Oppose Foreign Curbs on Investment

By ALAN COWELL

Special to The New York Times

JOHANNESBURG, Sept. 22 — A survey among black South African factory workers that was published today shows overwhelming resistance to the notion that United States companies should withdraw investment in this racially divided nation to force change.

Of 551 workers interviewed in the main industrial centers, 75 percent said they disagreed with campaigns in the United States and elsewhere for divestment in South Africa. Of that number, according to the survey, 54 percent said divestment would reduce the number of jobs, and 41 percent said divestment would harm blacks.

The survey, which was paid for in part by the Reagan Administration, was conducted by black interviewers working for Prof. Lawrence Schlemmer, president of the South African Institute of Race Relations. The institute opposes the policies of racial separation called apartheid. Professor Schlemmer is a prominent sociologist at the University of Natal.

"Disinvestment by U.S. companies and trade sanctions are a threat to their material and work interests, and therefore they oppose them with a firm consistency," Professor Schlemmer writes in his conclusions about worker attitudes.

"Some people may argue that it is precisely this tendency among South African blacks — to give priority to short-term survival and security — that has crippled the black liberation struggle," he says. "This is the kind of stance that can only be taken by well-educated middle-class activists, however, for whom survival and security is not an issue."

Fuel for Dispute

The survey, Professor Schlemmer concludes, shows that the divestment strategy, "whatever its validity as a means of providing opposition to vested white interests and structures, cannot claim to be a campaign for the black rank-and-file people of South Africa."

The findings seem certain to fuel the dispute over divestment since they seem to undermine those radical groups, most prominently in exile, such as the African National Congress, that argue in favor of the withdrawal of American investment. At the same time, they appear to support more moderate black movements and the "constructive engagement" policies pursued by the State Department, which advocates a persuasive rather than confrontational attitude toward the white authorities.

parently contradictory attitudes among black factory workers, all of whom, Professor Schlemmer says, were interviewed in their homes in the language of their choice for an average of just under two hours.

While an average of 75 percent rejected divestment, for instance, the figure was slightly lower — 71 percent — among workers employed by United States companies. When asked who benefited most from American investment, 46 percent said the South African Government was the main beneficiary, while 33 percent felt American investment helped blacks.

The survey was carried out last May in Johannesburg, Durban, Port Elizabeth and in industrial areas in the gold-mining belt around here called the Reef.

'Serious Grass-Roots Anger'

"These results," Professor Schlemmer writes, "give evidence of very serious grass-roots anger in places not usually expected to be at the forefront of black political thinking."

However, he suggests, the discontent does not crystallize into a form of political action that would jeopardize jobs.

"Most black workers," he says, "have a split consciousness at the present time, with a minority, albeit substantial, having a consistent militancy which covers both labor, community and political issues. The majority appear to value the benefits of wage employment sufficiently not to wish to see their work opportunities destabilized by political action."

Moreover, he says, the survey shows that black factory workers do not reject capitalism. "The black workers may be very angry but they have not yet become ideologically estranged from the present industrial system."

The findings, which seem to suggest a discontented but conservative factory work force, seem likely to embarrass those who portray the increasing militancy and organizational cohesion of South African labor as a precursor of revolution. Nonetheless, Professor Schlemmer says, there is great discontent and mistrust of management, imbued with a strong racial sentiment.

'Favorable Employment Image'

American companies, he says, offer a "very favorable employment image" and "for black workers the presence of U.S. capital in South Africa is highly valued."

"These production workers have very firm political views, and very substantial proportions are inclined to express support for the very agencies who are pursuing the objectives of disengagement abroad," Professor Schlemmer says.

Workers in American-owned factories, he says, "are significantly less militantly inclined than the sample in general."

Those from American-owned factories who were interviewed showed a universal belief that their employers "work with and support the Government." They were generally more satisfied with their employers' wage policies than were workers in South African concerns.

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Appendix J