

Position Paper

of

The Committee for Responsible Investment

on

The Position of Georgetown University on
Recent Events in South Africa

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I. Introduction

The United States is currently facing a dilemma concerning continued political support for and corporate investment in the government of South Africa whose racist policy of apartheid is so contrary to our deeply held beliefs about human rights and social justice. This is a compelling moral issue to which Georgetown University must address itself. The ongoing killing of unarmed civilians and the endemic violence in South Africa along with the nationwide protests against U.S. involvement in South Africa have brought to light the evils of apartheid. It would be an abdication of moral and social responsibility for the University not to take a clear and effective position on this issue at this time. This is not merely a political issue: it is an issue of peace and human dignity; it is an issue of justice and non-cooperation with evil; and above all, it is a question of action and moral obligation. This university has the resources to act effectively. We have the imperative to act responsibly. Do we have the will to act both effectively and responsibly? The Committee for Responsible Investment believes that we do.

II. Points of Departure

The following are a series of premises relevant to issues and institutions under examination.

1. Apartheid is a system of legislated, institutionalized racism

The substantive issue of apartheid is control of the land. The government of South Africa has over the last three and a half

decades developed the bantustan policy, also known as "grand apartheid", which ultimately envisions all of the African population (22 million people, 72% of the total population) living on scattered lands (13% of the territory) throughout South Africa. This policy seeks to gain control of all the mineral-rich and agriculturally productive land while effectively preventing Africans from creating and sustaining any viable, independent economic enterprise or participating in the country's great national wealth. It is from this control of resource which stem the related issues of political rights and democratic processes, influx controls and passbook laws, segregated facilities and different standards of education, health, transportation, etc. All of this is legislated by men and codified into law. It is an affront to those who believe in the justice of the democratic legislative process and to people of all colors who believe in the principle of human dignity and equal opportunity.

2. Foreign investment supports the present government.

It is clearly documented that foreign investment is critical to the South African economy. American investment plays a major role in the strategically important automobile, petroleum and mining industries and virtually dominates the developing high-tech communications industry. Sales of South African krugers in European and American markets is a critical source of income for the South African government.

More important, however, is the non-economic support that foreign investment gives to South Africa. The political and diplomatic support which follows economic interests is a large measure of recognition and legitimacy at home and abroad.

Economic support from the European and American cultures with which white South Africans so often seek to identify themselves is a strong source of reassurance and psychological support. The very presence of foreign goods and services and foreign capital tacitly acknowledges and validates their racial system of government.

Furthermore, American investment, guided by the Sullivan Principles, is not a progressive force for change in South African society. In spite of corporate America's best intentions, the Sullivan Principles do not and cannot address the fundamental problem of apartheid...the control of the land. Gains in pay, status, and workplace facilities and organizational rights for 1% of working Africans are irrelevant while there is no possibility of pursuit of economic freedoms outside the workplace. Meanwhile, the 99% of the workforce which remains totally unaffected by the Sullivan Principles continues to live amid abject poverty and degradation. The Sullivan Principles have created a small class of black workers to whom the South African apartheid government and U.S. corporations can point as examples of economic progress. The Sullivan Principles appease the American corporate conscience while entrenching and reinforcing the apparatus of apartheid.

The value of American investment to South Africa is a question of relative importance to different sectors of its population. Consider the overt and tacit support and legitimacy which American investment gives to the minority white population and their system of government and compare it to the almost insignificant contribution American investment makes to the welfare and relief from oppression for the African population.

3. External forces cannot dictate solutions to the South African internal problems.

Social and political change in South Africa can only result from a working out of the internal forces of South African society. Neither the United States, nor the Soviet Union, nor any political philosophy can resolve the evils of the apartheid system. But, while we do not have the solutions, we should not maintain and support a system we know to be inherently evil and contrary to our essential beliefs in human dignity and the rights of man. This is not an advocacy of disengagement, for given the United States' historic involvement in South Africa, it would be irresponsible to do so. We advocate continued and increased engagement with the people of South Africa through non-corporate institutions (labor unions, universities, churches, civic associations) in a way as to directly benefit the deprived population of South Africa.

4. The time is right to act.

Violence, both physical and psychological, has long been a part of apartheid. Since the adoption of a new constitution in November of 1983, open and violent opposition and repression have become a common element of life in South Africa. The attention focused on South Africa by this violence in the American media as well as the prolonged visit of Nobel Peace Prize winner Bishop Desmond Tutu last fall led to the ongoing nationwide protests against American involvement in South Africa. Awareness of this issue is spreading rapidly, and all indications are that there is universal condemnation of apartheid and little support for a sustained American presence.

As with many foreign policy issues which come rapidly into the public eye in this country, the problems have existed for many years and are more complex than spot media coverage will reveal. But as the debate develops across the country, sides will be drawn as various interest groups align themselves politically. Firm and eloquent moral leadership at an early stage in the debate will be very effective in determining U.S. policy and action toward South Africa and could ultimately have a positive influence on the course of events in that troubled country.

5. The University has an active role to play in society.

The primary function and purpose of the university is academic research and learning. The university is a place of inner and outer exploration and a forum for innovative ideas. On a broader scale, the university is the vehicle for transmitting proven values from generation to generation, the vanguard of enlightenment and the repository of morality and justice. Georgetown University, as an institution of national and international prominence and located in the nation's capital, is a unique forum for the discussion of global issues. As a Catholic and Jesuit institution, it properly encourages students to regard "all men as essentially equal, as endowed with a human dignity to be respected." (Georgetown University Bulletin, page 1.) Guided by these principles, Georgetown must firmly and unequivocally renounce and oppose apartheid. Given the University's traditional and growing impact on national and particularly international policy, the opportunity to effectively and influentially express opposition to apartheid

is ripe. As an interested party on the side of justice and dignity, we have an obligation to act prominently and unambiguously.

III. The Problem Clearly Stated and a Two-Pointed Approach to It.

How can Georgetown University and American corporate/political policy influence positive changes toward a more just society in South Africa?

1) Put pressure on the existing government of South Africa to abandon its apartheid policies. Our most effective point of leverage is concerted economic and political pressure. First, we must make it utterly and unmistakably clear that the American people find apartheid repellent and contrary to our most cherished values. Political and economic pressure consists of valid and credible threats and conditional diplomatic demands. Here it is relevant to point out the distinction between divestment and disinvestment. The latter is the withdrawal of economic interests and loans from South Africa. Divestment is the withdrawal of funds from those corporations which do business in South Africa. Total public divestment of funds by an institution of recognized moral and social leadership and authority creates the necessary credibility to effectively threaten disinvestment. A voice with moral authority must begin the call for a just and equitable society. This is no small threat in the eyes of the South African government as the public mention of disinvestment in South Africa is considered treason and punishable by death.

2) Enhance and encourage those forces within South Africa which are working toward a more just society. As mentioned earlier, we do not advocate disengagement from South Africa. On the contrary, we believe that it is in the best interests of both the American and African people to increase contacts and exchange. As the conflict deepens and the issue gains prominence, a broad spectrum of organizations from Boy Scouts and 4-H clubs to trade unions and agricultural cooperatives can establish ties with approximately equivalent South African groups to transfer appropriate knowledge and materials and to engender friendship and understanding between the peoples. With this shift of engagement from corporate to non-corporate groups, the Africans would benefit more from the direct contact while support for the apartheid structure decreased. The appropriate measures that Georgetown University could take are outlined in the following section.

IV. Proposed Plan of Action.

1) Complete and public divestment of University endowment funds from corporations that have economic interests in South Africa to substantiate our stated opposition to apartheid and to make credible the threat of American disinvestment from South Africa.

2) Creation of a Center for South African Studies; or, within the context of the existing African Studies Program of the School of Foreign Service, the Center for Peace Studies and CSIS, to examine American involvement in the conflict, to make policy recommendations, to invite speakers and conduct teach-ins

and seminars to increase the knowledge of the issue on campus.

3) Creation of scholarship fund for black South Africans to come to this university for four years (or for graduate school).

4) Adoption of a secondary school or college in South Africa to which we can send books and educational supplies to directly improve the standard of education, and an exchange of faculty.

V. Conclusion

The purpose of this paper has been to encourage the Administration and Board of Directors of Georgetown University to take a moral position and to act on the issue of apartheid and American economic support for the South African government. We have tried to demonstrate how the University can act effectively and positively. We advocate divestment, but we do not advocate American disengagement from South Africa. We encourage a variety of measures that, in concert, can have a positive influence in South Africa. As one of many institutions in our society which can effectively lessen the burdens of oppression and ignorance and create a climate for positive change, we believe that the University has an obligation to take some initiative and to act now. It is our desire to have Georgetown University translate its high principles and standards into concrete behavior.

10-25-84

GEORGETOWN UNIVERSITY INVESTMENTS
in Corporations and Financial Institutions
doing business in, or with, South Africa *

<u>Company</u>	<u>Total Amount/Shares</u>	<u>Market Value (\$)</u>
American Cyanamid Company	5,400	259,878
American Express Company	16,999	488,721
American Hospital Supply Corporation	5,000	155,625
American International Group, Inc.	4,500	263,250
Baxter Travenol Labs, Inc.	8,000	123,000
BBDO International, Inc.	4,000	164,000
CBS, Inc.	4,000	313,000
Champion International Corporation	11,000	213,215
Chase Manhattan Corporation **	93,700	427,562
Cigna Corporation	9,500	298,062
Citicorp **	120,100	695,768
Coca Cola Company	5,000	288,125
Eaton Corporation ***	200,000	178,000
Echlin Inc.	10,000	221,250
Ford Motor Company	20,800	751,400
General Motors Corporation	1,174,100	2,480,382
Honeywell, Inc.	6,000	317,250
IBM Corporation	15,700	1,660,275
MacMillan, Inc.	6,000	186,750

Merck & Company	1,000	92,500
Mobil Corporation	5,000	102,107
New York Times Company	7,500	235,312
Pepsico	4,000	167,000
Pfizer, Inc.	4,800	157,200
R.J. Reynolds Industries, Inc.	2,000	114,000
Searle, G.D. & Company	2,500	114,375
Singer Company	6,000	174,000
Standard Oil of Ohio ***	150,000	145,156
Sterling Drug, Inc.	3,000	80,250
Warner Lambert Company	6,000	188,250

* Based on Georgetown University, Endowment Fund Report for the Fiscal Year Ended June 30, 1984. List of companies obtained from IRRC Directory of U.S. Corporations in South Africa, by Glenn S. Goldberg, May 1982, and subsequent IRRC surveys.

There are other financial institutions in which Georgetown University is invested, which have made substantial loans to the South African government and/or government-controlled corporations. Included in these banks are Manufacturers Hanover, Chase Manhattan, and Bank of New York.

** Includes bonds and common stock.

*** Bonds.

(Information prepared by the Coalition for Divestment and the Black Law Students Association Divestment Task Force, Georgetown University Law Center.)