

Office of Public Information
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Fred Knubel, Director

FOR USE UPON RECEIPT
Wednesday, August 28, 1985

Following are a report issued today by a special committee of the Columbia University Trustees concerning divestment of stocks in companies with operations in South Africa, and information provided by a University spokesman in conjunction with the committee report.

Supplemental Report
of
The Ad Hoc Committee
Regarding Investments in Companies
With Operations in South Africa

In view of recent developments in South Africa, your Committee will recommend to the Board of Trustees at its next meeting, on October 7, divestment of the approximately \$39,000,000 of common stock of American corporations with operations in South Africa; such divestment to be accomplished in an orderly manner over a period not to exceed two years. The Trustees should consider appropriate exceptions, such as news media companies, that will not detract in substance from a policy of total divestment.

The Committee will further recommend that the Board periodically re-examine its investment policy as regards the common stock of corporations with operations in South Africa, having in mind potential costs to the University, further developments in South Africa, and other relevant factors.

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The following information was provided today by Fred Knubel, a spokesman for Columbia University, in conjunction with the supplemental report of the Ad Hoc Committee of the Columbia Trustees Regarding Investments in Companies with Operations in South Africa. Any quotations from the following should be attributed to him.

The supplemental report today does not constitute final action by the University. It is a committee recommendation that will be considered by the University Trustees at their next meeting, October 7.

In the past, other recommendations by the same committee have been accepted by the full board.

The Ad Hoc Committee's recommendation today comes in the wake of the dramatic change in the situation in South Africa. After raising hopes for significant reforms in the apartheid structure, the South African Government has dashed them. It has moved ruthlessly to buttress the existing system, and has accelerated its brutal repression of public opposition to apartheid with mass

arrests, new restraints on free expression and public assembly, and attendant violence and killing.

Is the committee's decision a response to last spring's student demonstration? No, the Columbia Trustees have taken a leading role in the struggle against apartheid independent of student activism. There were no student demonstrations preceding the action taken by the Trustees in 1978 adopting the University's current policy of selective divestment based on companies' compliance with the Sullivan Principles of fair employment practices for blacks in South Africa; there were no demonstrations preceding the Trustees' and the President's decision to travel to South Africa to present an honorary degree to Bishop Desmond Tutu in 1982; during and after last spring's blockade of Hamilton Hall, which ended peacefully, the Trustees continued to reject total divestment, a position they again stated publicly in a report July 17. At that time, responding to a November 1984 report by the University Senate, they adopted recommendations by their Ad Hoc Committee to lead in organizing other institutions against apartheid, establish a broad-based committee to review University policy and initiate a major program to study the political and social problems of Southern Africa. Orientation week is now under way and students are busily devoted to preparations for their studies. No demonstrations are in progress and none has been announced. The committee's new recommendation today was based on an appraisal of recent events in South Africa.

The Ad Hoc Committee has not presumed to decide what is right for others. When the committee reflected on this subject earlier in the year, it admired the humanity and courage of a number of American corporations that were seeking to make a difference by

staying in South Africa. Those corporations too may now be re-examining whether the good they do outweighs the tacit support their presence lends to the status quo. Whatever they may decide is right for them, Columbia should do what is right for it.

The \$39 million in stock that would be divested amounts to slightly more than 4 percent of the University's \$900 million investment portfolio. Columbia holds so small an amount of such stock because of a freeze, or \$39 million cap, on such investments, which was requested by the Senate in May of 1984 and which remains in effect. No new stock in American companies with operations in South Africa would be purchased.

What would total divestment cost Columbia? The transaction cost would be minimal. The short term performance of the stock market is impossible to predict, and Columbia might do slightly better or slightly worse because of this action. Long term effects would be re-examined periodically, as the committee report today notes.

A joint committee of Trustees, faculty and students was appointed last May to study the economic consequences to Columbia of divestment. That committee's findings will aid the Trustees significantly in their periodic reviews. The joint committee will also continue to examine the University's relationship with TIAA/CREF, Columbia's principal annuity funds, in regard to their holdings in companies doing business in South Africa.

The committee report recommends the exemption of news media companies from divestment action because newsgathering staffs play a vital role in informing the world of events in South Africa, particularly in view of the closing of the Rand Daily Mail and limitations on press freedom.

Since 1978 Columbia's policy has been one of selective divestment: it requires the divestment of holdings and withdrawal of deposits in financial institutions which provide new or continuing access to capital markets for the Government of South Africa and the divestment of holdings in corporations which after inquiry respond in a manner manifesting indifference, through act or omission, to the prevailing repressive racial policies in South Africa.

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