



BROWN UNIVERSITY Providence, Rhode Island • 02912

To: The Advisory Committee on Corporate Responsibility in Investment  
From: Dean E. McHenry, Jr., Assistant Professor, Afro-American Studies

Statement on  
BROWN UNIVERSITY'S INVESTMENTS - SOUTH AFRICA'S APARTHEID SYSTEM

Synopsis:

There is a divergence between Brown's objective of not aiding racism and her practice of supporting it through her investment policy. ACCRI's actions last year on stockholder resolutions for businesses with holdings in South Africa sought to reduce the divergence. Nevertheless, much more must be done before this institution can be said to have ended its support for the apartheid system. There are several new steps that might be taken by ACCRI.

Theory:

The apartheid system in South Africa is known as the most blatant example of government-enforced racism in the world today. No one at Brown University, to my knowledge, has called for its support. To do so would undermine the status and respect of Brown among institutions of higher education; it would transgress the spirit of pledges to employees of fair employment practices and equal opportunity; in fact, it would violate fundamental ethical principles shared by most people throughout the world. Yet, despite the absence of verbal support for apartheid, Brown has acted and continues to act to perpetuate that system.

Practice:

Part of Brown's investments are in South Africa. And, there is agreement among most of those who support apartheid and those who oppose it that investments in South Africa reinforce the apartheid system.

The position of the South African government has been expressed in a variety of ways. The former Prime Minister John Vorster has stated that "Each new investment, each trade agreement, each bank loan is another brick in the wall of our continued existence." And, so important is foreign investment to the maintenance of apartheid that it now has become a crime for South Africans to advocate its withdrawal.

The position of Black South African opponents of apartheid is similar. Steve Biko, before his final arrest by the South African police, stated:

The argument is often made that loss of foreign investment would hurt blacks the most. It would undoubtedly hurt blacks in the short run, because many of them would stand to lose their jobs, but it should be understood in Europe and North America that foreign investment supports the present economic system and thus indirectly the present system of political injustice. We blacks are therefore not interested in foreign investment.

Albert Luthuli, Nobel Prize winner and former President of the African National Congress, Oliver Tambo, current acting President of the ANC, Dr. Nthato Motlana, Chairman of the Soweto Committee of 10, the South African Students Organisation, the Black People's Convention, the Christian Institute of South Africa and many other representative individuals and groups have made precisely the same point.

The position of Black African countries has been similar, too. The Organization of African Unity's Council of Ministers has repeatedly called for the end of investments in South Africa. And, President Nyerere of Tanzania has stated flatly: "When you invest in South Africa you strengthen the government of South Africa. You make it stronger. You make it more capable of carrying out its policies."

Thus, the South African government, most representative Black South African individuals and organizations, and Black Africans from the rest of Africa all agree that foreign investments support the apartheid system. Since businesses partly owned by Brown have investments in South Africa, this institution is acting to support the racist system in that country.

### Eliminating Conflict Between Brown's Theory and Practice

The conflict between the absence of support for the racist system in South Africa in words and the presence of such support in deeds should be resolved. Movement from Brown's actions in support of apartheid might be enhanced by a variety of steps:

The easiest, but not the only, way to avoid supporting the racist system would be to divest of stocks in businesses operating in South Africa. This has been done by several other universities. It has been shown that such divestiture need not result in loss to the portfolio. At a minimum, ACCRI might recommend serious study of the possibility of divestment.

A more gradual move from support for apartheid would involve the cessation of purchases of any new stocks of companies that have operations in South Africa. ACCRI might recommend such a policy.

ACCRI's current approach to the problem, recommending votes on stockholder proposals that seek to limit business support for apartheid, should be made more vigorous and comprehensive. Last year positive recommendations were made in only seven cases and adopted by Brown in only three cases. There were other South Africa-related proposals on which ACCRI might have taken a stand. And, the positive recommendations made by ACCRI need to be put forward with greater insistence.



Furthermore, only a small percentage of businesses in Brown's portfolio with operations in South Africa is affected by stockholder proposals concerning those operations. ACCRI might recommend that all the businesses in which Brown has investments which operate in South Africa be informed by letter each year of this university's opposition to most of their operations in South Africa. And, ACCRI might suggest stockholder proposals to limit corporate activities in South Africa for corporate adoption. Two possibilities are proposals to: deny funds for payment of employees while on leave from their jobs serving with the South African armed forces and deny funds for use in pro-apartheid South African propaganda.

Unless Brown divests, Brown will continue to profit from racial exploitation in South Africa. Such profits are a kind of "blood money" won as a result of the apartheid system. That money might be used for purposes that help offset some of the damage its acquisition has done. For example, ACCRI might recommend that \$10-20,000 be set aside each year to fund fellowships for refugees from the apartheid system or to bring speakers who will inform the Brown community about that system.

Finally, another way some of the support Brown's investments give to apartheid might be offset is to take action in other arenas of university operations. ACCRI might recommend the establishment of a committee of concerned students and faculty with power to examine admissions, contracts, financial aid, etc., to see if the university's actions might be directed more toward benefiting those suffering from the apartheid system.

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