Princeton University, South African Investments

and the

Black Experience

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For: The Association of Black Collegians

and

The Committee for Black Awareness

Princeton University

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This report is primarily an expression of the position on the substantive issues adopted by the four Afro-American students (representing both the black undergraduate and graduate organizations at Princeton) who during the Fall of 1968 participated on the Ad Hoc Committee on Princeton University's Investments. Central to this paper is the students' interpretation of the situation in southern Africa derived from their unique experience as black people. The report, itself, is divided into the following sections:

I. Background

II. Review and Summary of the Committee's Proceedings

III. The Black Experience vis-a-vis Princeton's Investments in southern Africa.
I. Background

In 1948 the Afrikaner Nationalist Party came to power in the Republic of South Africa on a platform which rested almost entirely on its promise to safeguard and, if necessary, strengthen "baaskap" (white supremacy) in that country. In its public statements the newly-elected Government identified this political, economic and social policy with the ideology of "Apartheid" which was described in the 1947 Election Manifesto of the National Party as follows:

"In general terms our policy envisages segregating the most important ethnic groups and sub-groups in their own areas where every group will be enabled to develop into a self-sufficient unit. We endorse the general principle of territorial segregation of the Bantu and the Whites... the Bantu in the urban areas should be regarded as migratory citizens not entitled to political or social rights equal to those of the Whites. The process of detribalisation should be arrested..."

During the twenty ensuing years of National Party rule, the Government has pursued its stated policies with vigor and determination. The volume of Apartheid legislation has attained tremendous proportions, resulting in a social system in which the non-white majority (80% of the population) is kept in a permanent inferior position to the white minority. The South African Government has continued to pursue such policies against the will of the majority of the South African people, the protests of several major churches in South Africa, and in defiance of the international community acting through the United Nations.

In recent years the United States has joined in officially condemning Apartheid as a denial of the principle of self-determination and has sought to persuade the South African Government to liberalize its policies. But at the same time the United States Government has done nothing to restrain U.S. corporations from investing large sums of capital in South Africa which support and strengthen the economic system of the Afrikaner regime. Consequently, contrary to national ideals and objectives U.S. citizens are actively participating in a system of institutionalized injustice and racism.

In April, 1968 a group of New Jersey residents, in their general attempt to examine the relationship of various persons and institutions in New Jersey to the problem of social injustice in South Africa, learned that Princeton University was supporting and deriving benefits from the South African economy through its investment policy. Specifically, Princeton had invested over $100 million in at least forty (40) American companies with known direct holdings, affiliates, or subsidiaries in the Republic of South Africa.

In light of these considerations, the above mentioned group under the leadership of the New Jersey Committee on Southern Africa (an organization of concerned blacks and whites) and the Students for a Democratic Society mobilized more than 250 Princetonians on April 19 at the Woodrow Wilson School to protest the University's investments in American companies with holdings in South Africa. The group had also sent an open letter on April 15 to all members of the Princeton University Board of Trustees requesting their action on the following three proposals:
1) commitment to a policy of no future University investments in southern African economies or in companies operating in those areas,

2) the beginning of reinvestment of funds now lodged in companies operating in southern Africa in order to reward companies not operating in southern Africa,

3) refusal of all monies, bequests, and endowments drawn primarily from profits made southern Africa.

Signatories of the letter were: The New Jersey Committee on South Africa, the Association of Black Collegians, the Committee for Black Awareness, the Pan-African Students Association, and the Students for a Democratic Society. (They were subsequently supported by the Organization of Arab Students, the Chapel Fellowship, Woodrow Wilson Association, Fellowship of Christian Athletes, and the Committee on Institutionalized Racism of the I.C.A.A.).

On April 20, Mr. Harold Helm, Chairman of the Trustee Finance Committee and head of the Chemical Bank New York Trust Company (one of the consortium of American banks lending and crediting South Africa), responded to the requests on behalf of the Finance Committee with the following points:

1) "The policy of apartheid is contrary to principles for which this university stands

2) "...we cannot agree with the course which you urge on us."

3) Princeton's best contribution to such world problems is "by providing free, open, and vigorous programs of instruction and research."

4) "It would be unwise...for a university to attempt to use its invested funds as a "club to influence the political and social view of a country."

5) A logical extension of the withdrawal of funds from S.A. would be withdrawal of future and trade from the Eastern Bloc nations and in light of the Kerner Commission Report, withdrawal of all funds from U.S. Savings Bonds.

Despite the tone of Mr. Helm's response, members of the University administration assured several of the signatories of the petition that this letter did not constitute a final refusal of the suggested points of action. They also proceeded to arrange a meeting of the signatories with a delegation from the Board of Trustees on May 10 at the Princeton club in New York City.
The University delegation at the May 10 meeting included President Goheen, Mr. Helm, Mr. Ricardo Westres (the University's financial vice president and treasurer), Professor Patterson, Mr. John Irwin (lawyer and former Assistant Secretary of Defense for International Security Affairs, 1950-51), and Mr. William Attwood (former Ambassador to the Republic of Guinea and Kenya and current editor-in-chief of Cowles Publications). The student delegation was comprised of:

David Wiley, co-chairman of N. J. Committee on Southern Africa
William Scott, Committee for Black Awareness and co-chairman of New Jersey Committee on Southern Africa
Homer Ashby, Association of Black Collegians
Robert Collins, Association of Black Collegians
John Gerhardt, Woodrow Wilson Society
Gerald Hoffman, Students for a Democratic Society
Mohammed Diop, Pan African Students Association

The basic issues were candidly discussed for approximately 2 1/2 hours, but the meeting itself merely resulted in the University delegation explaining its opposition and walking out one by one on the student representatives to attend appointments elsewhere without official adjournment.

Dissatisfied with the events of the May 10 meeting, members of the New Jersey Committee, Association of Black Collegians, and the Committee on Black Awareness decided to confront President Goheen at the next Trustee meeting. Joined by a delegation from the SDS, a group of black students presented themselves at the May 17 meeting and obtained a promise from President Goheen to discuss the situation with them at the close of the regular session. It was at this meeting that President Goheen indicated the possibility of establishing a special committee to study the problem, and several weeks later, it was announced that an Ad Hoc Committee on University Investments, to be chaired by Professor Burton G. Malkiel of the Economics Department, had been established.

This committee, which was charged with the duty of studying the proposals presented by the students on April 15, included, besides Malkiel, Professors Leon Gordenker, Frederick H. Harbison and John E. Schrecker from the faculty, and Mr. Ricardo Westres representing the administration. Student participants, who were invited to serve on the committee by Professor Malkiel, were:

Ronald Butler, representing SDS
Robert Collins, representing ABC
Elliotorman, representing ABC (Mr. Morman was later replaced by Philip Holman)
Vernon Dixon, representing CBA
William Scott, representing CBA and N.J. Committee on Southern Africa.
II. Review and Summary of the Committee's Proceedings

The committee held its first session on September 19, 1968 and met almost every week thereafter until November 21. In order to get informed opinions and insights from "experts" on South Africa, several persons from outside of the University community were invited to testify before the committee. For the most part, these presentations were most informative and helpful.

The committee's discussions centered primarily around a list of questions prepared for study by Professor Malkiel. Those questions which seemed to have been most relevant and received the most attention are listed below with a brief summary of student opinions. (It should be mentioned here that in some instances these opinions had been arrived at previously. The evidence presented at the committee's sessions, however, invariably confirmed these opinions):

1. To what extent should political and moral criteria be employed in selecting University investments, and what criteria are currently used in selecting University portfolio investments?

According to information offered by Mr. Mestres, the University's treasurer, the selection of University investments is determined solely by the degree to which the proposed investment contributes to the maximum growth of Princeton. Neither political nor moral criteria are taken into account. The student representatives reacted by stating that in light of the fact that Princeton University had sought over the years to profess a tradition of service to humanity and to values above the narrow confines of short-term economic self-interest, its investment policy seemed to be at variance with that policy. Moreover, stock holders do have a moral responsibility to society for the actions of those companies in which they hold shares.

2. Can "doing business" in southern Africa be defined clearly? Does it mean having a subsidiary or affiliate only? Does it include companies selling or buying from southern Africa? Does it encompass making intermediary products that are finally sold to southern Africa? Does it encompass companies using products bought from the region?

It was the student's opinion that "doing business" in South Africa encompassed all of these activities and that they all contributed to the strength of the South African economy. However, it was recognized that complete disengagement from such activities was a practical impossibility because of their breadth and consequently, some distinctions had to be made. Since those corporations which have subsidiaries or affiliates in South Africa have clearly acquiesced to the policy of Apartheid to protect their economic privileges in that country and have become a tangible symbol of American support of the South African Government, they should be the principal targets. This criterion was adopted thereafter as defining "doing business" in South Africa.

3. Can the University take action in one instance alone, such as the case of investments in South Africa; or by one such action would it commit itself to a continuing series of decisions on the possible political-moral effects of all investments?
The students firmly believed that the political-moral effects of all investments should be considered carefully before the University purchased shares in a particular corporation. However, to work for economic disengagement from South Africa is not to hold that the University must withdraw business contacts from every corporation operating in countries with which it fundamentally disagrees. The Republic of South Africa is unique in that it is the only country in the world which is dedicated to an official governmental policy of human oppression.

4. Would withdrawal of funds, as from companies operating in southern Africa be likely to influence corporate policies?

In his statements to the committee, a person with considerable business experience in Africa said that if Princeton and a number of other educational institutions withdrew their investments from American business operating in South Africa, these corporations would probably alter their present policies toward the Republic of South Africa. He did not feel, however, that such actions would tend to ameliorate substantially the policies of the South African Government.

A black African spokesman adopted a similar position during his presentation before the committee, but he also argued that a policy of economic disengagement from South Africa should be adopted by U.S. institutions in order to end their material, educational, and political aid to the apartheid system. By so doing they would not only put an end to their complicity in South African racism, but would also bolster the hopes and aspirations of blacks in South Africa. Such actions would symbolize a victory of justice over injustice.

These opinions were subsequently endorsed by the student representatives on the committee. At the same time, however, they recognized along with the rest of the committee that were American financial involvement in South Africa withdrawn, replacements would probably be quickly found in other countries. But they also recognized that this does not remove the moral responsibility from American institutions.

5. What implications would such policies have on the University? Would the financial returns from the University's endowment be impaired seriously?

According to investigations conducted by Professor Malkiel, the financial loss to the University would be quite substantial, perhaps as much as $15 million. In addition, frequent shifts among securities would significantly increase transaction costs. While the economic arguments advanced by Professor Malkiel were not questioned the students argued that a greater priority must be placed upon the moral implications of Princeton's present investment policy, rather than the material loss which might result.

6. What has been the role of U.S. foreign investment and trade in South Africa in strengthening Apartheid?

There was much debate regarding this question, but the overwhelming evidence accumulated on this point indicated that American economic involvement, both governmental and private, has been a significant factor in the stability of the South African economy and therefore, in the support of the present Apartheid regime. For instance, in 1980-81 large loans were made by a consortium of U.S.
banks to undergird the economy of South Africa after the decline which developed following the Sharpeville shooting of unarmed African men, women and children on March 21, 1960. U.S. companies have also invested in government-prescribed cheap labor areas thus assisting the separation of the races by the artificial location of industry. In addition, although the U.S. Government officially is "cool" to the South Africans, various U.S. business and banking executives continue to express confidence in the whites and to counsel continued and increased investment there, e.g. Mr. M.P. Higgins of the Norton Company; "I think South Africa is going to remain a strong country, led by white people."

7. Is there any historical evidence that economic pressure is likely to change internal social policy? And, might economic pressure be counterproductive by:

a) Further uniting whites in support of the South African Government.
b) Hurting black Africans more than whites?

It was generally agreed that sanctions have not been historically successful. The student position on this point, however, was that sanctions have not been effective, for the most part, because they have not been effectively enforced. They also felt that the evidence did not suggest that U.S. disengagement would by itself bring down the Apartheid regime. But without such disengagement, world sanctions, which might someday be utilized as one of several measures to bring down the South African Government, are never likely to be seriously discussed.

As for the second part of the question, it was rather difficult for the students to envisage much greater unity among the whites in South Africa. They did recognize that U.S. disengagement was likely to result in the short-run deterioration of the situation of the non-white population. However, as pointed out to the committee by a black South African, all of the legitimate non-white leaders have indicated the willingness of the people to accept this in order to hasten the demise of Apartheid. Moreover, the situation would probably at worst result in a very slight increase in their economic insecurity.

C. Is the presence of multinational corporations in southern Africa a potentially healthy long-run influence in that continued growth and prosperity would be likely to undermine Apartheid in the future?

It was recognized by the students that the presence of multinational corporations in South Africa could conceivably have a healthy long-run influence and prosperity could possibly undermine Apartheid in the future. However, a careful examination of the recent history of South Africa reveals the fact that during a period of enormous economic growth, the country has grown more rigid and oppressive. South Africa's racial policies have clearly become increasingly repressive as the economy has expanded. Furthermore, it should be mentioned that while economic growth has often contributed to political liberalization, it does not always do so. For instance, the Nazis, the Italian Fascists and the Imperial regime in Japan became more aggressive and totalitarian as their economies grew. It is also of considerable interest to note that the economic growth of the American South from the 1870's until the 1950's occurred despite a decline in the black American's political and social position.
C. Are the personnel practices of U.S. subsidiaries more enlightened than those of other companies operating in southern Africa?

a) If so, have these policies encouraged the southern African countries and other corporations to reinforce or to relax repressive policies?

A former executive with an American firm which operates in Central Africa testified before the committee that a number of English and even Afrikaner businesses have adopted more liberal policies toward their black workers than have some American corporations. In fact, the evidence reveals that several American citizens, like Charles Engelhard, have by their acts fully endorsed Apartheid. Englehard, for instance, is a director on the boards of two South African labor recruiting organizations, The Native Recruiting Company and the Witwatersrand Native Labor Association, which hire blacks to serve under SA job reservation legislation, without access to apprenticeships, without rights of strike or bargaining, at a daily average underground wage of about 70 cents, in residence separated from their families. In light of such facts, it seemed particularly difficult to believe that U.S. corporations have functioned in a manner which would tend to relax Apartheid.

The final question dealing specifically with the University's investment policy was:

10) If Princeton wishes to bring pressure on U.S. corporations in which it has holdings, is the sale of such holdings the only, or even the best, means of exerting such pressure?

a) Can Princeton have more influence by expressing its views as a continuing stockholder than by selling its holdings?

b) Which procedure -- selling holdings or expression of views as a stockholder -- would have the greater influence on other institutional holders in the U.S.?

The position adopted by the students on this question coincided with that expressed by an editorial which appeared in the Daily Princetonian on November 21, 1962:

There should be no confusion. It is highly unlikely that we can convince or pressure these corporations to change their labor policies, or can get them to pressure the South African government to make reforms, by retaining our stock. Not only would our pressure lack the strength of sufficient funds, it would lack moral force as well. For just as it is convenient and profitable for us to retain ownership, it is convenient and profitable for those corporations to retain their plants and their labor policies.

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In summary, it was the opinion of the student representatives that:
1) Any trade and investment strengthens the system of Apartheid and represents complicity.

2) Prospects for peaceful change through the liberalization of white attitudes is extremely bleak.

3) Any material support, no matter how limited, of the present government of South Africa is deplorable.

4) Complete disengagement from South Africa is practically an impossibility. However we are convinced that in this, as in many other instances, limited action is not without moral, symbolic, and political significance.

5) Despite the financial losses which might occur, U.S. institutions should disengage from support of and identification with the status quo in South Africa.

The representatives from the faculty and administration arrived at a variety of closely related opinions none of which agreed with the student position that Princeton should withdraw its investments from corporations operating in South Africa. Their decision was based, apparently, on two criteria:

1) the substantial financial loss which the withdrawal of funds would involve, and
2) the supposed ineffectiveness such a policy would have on changing the situation in South Africa.

It was their unanimous decision, nevertheless, that Princeton should engage in providing educational assistance to students in southern Africa, particularly through the auspices of the University of Botswana, Lesotho, and Swaziland. Hoping to get a general consensus on at least one point, Chairman Halkiel asked the student representatives if they were willing to support this proposal along with the rest of the committee.

At the final session on November 11, the black students presented a statement in which they declared that they could not "accept either in part or in whole the position arrived at by the committee's representatives from the administration and faculty... Our decision is based upon the fact that no real validity was given to our insight and understanding of the South African situation derived from our experiences as black people... when the black members of the committee arrived at a position fundamentally different from that of the other members, but based upon an examination of the same evidence, their process of reasoning was interpreted as being non-objective and irrational... The position which was ultimately decided upon the committee was the product of an analytical process founded solely upon the frame of reference of white America. For all intents and purposes, the black referent was totally ignored." The SDS representative also refused to support any aspect of the "Halkiel" position. Consequently, an even split between the students on one hand and the faculty and administration on the other resulted, necessitating separate reports from the students.
III. The Black Experience vis-a-vis Princeton's Investments in southern Africa.

A) As black people, we recognize our common cause with that of black people all over the world who have been systematically victimized by racism, oppression, and colonialism. Our experience informs us that our struggle for human rights is a group cause and consequently our effort must be a group effort. To ignore and thereby tacitly accept South African racism in exchange for either American corporate tokenism, complicity in economic exploitation, or assimilation into the Princeton status quo, we cannot do.

B) Our own history in America has clearly illustrated for us the full and tragic human dimensions of treating people as objects, as chattel, to be manipulated at will. We cannot accept as relevant an argument giving primacy to economic considerations, a concern for materialism, at the expense of human (i.e. moral) considerations. We refuse to limit our concerns to such narrow confines.

C) Experience has shown us that arguments based on the premise that symbolic gestures are "empty" proceeds from a frame of reference which again gives primacy to the status quo. Indeed, were not the first "sit-ins" in the South symbolic gestures?

D) It has been our experience far too often that arguments for "efficacy" and "feasibility" are embedded in a frame of reference which ignores and excludes a viewpoint and subsequent set of priorities rooted in the black experience. Our inputs into the operational equations for action have been and are systematically minimized and manipulated to optimize gains irrelevant to the black frame of reference. A clear example of this was the reaction of the Malkiel Committee to the inputs of its four black members. Other example, Dear Rudesine incident.

E) Our experience, therefore, dictates that in regard to the question of Princeton's investments we demand that the validity of our insight and understanding of the South African situation derived from our experiences as black people be recognized, and any future dialogue regarding this matter deal with the implementation of the following proposals:

1) Resolve that no future monies, endowments, or investments of the University will be invested in banks, companies, and other financial institutions which presently participate in the South African, Rhodesian, Angolan, and Mozambique economies.

2) Resolve to begin the process of reinvestment of present allocations of stock, bonds, and other investments, taking funds from such economic organizations and reinvesting those funds in organizations which choose not to become involved in the southern African area.
3) Refuse to accept monies, bequests, and endowments which come to the University primarily from the profits made in southern Africa.

4) Cease to grant admission and scholarships to white South Africans as long as their government refuses to:

   i) admit virtually all black Americans to that country

   ii) grant transit visas to an ever increasing number of American citizens wishing to visit the independent nations of Lesotho and Swaziland

   iii) grant passports to virtually all black South Africans seeking to pursue studies (particularly in the scientific and technological fields) in the United States and elsewhere.

By adopting the above-mentioned proposals, Princeton University will have taken genuine steps to disengage itself systematically from the support of Apartheid and, in fact, racism in general. We trust that Princeton has the moral fortitude, commitment, and foresight to do so. In conclusion, it should be stated that as long as white Americans participate, to any degree, in the exploitation of black people in Africa, we have no choice but to view their professions of liberalism regarding human rights in America as pure hypocrisy.

William R. Scott and Carl Spight