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## Senate

### UNIVERSITY DIVESTITURE

Mr. TSONGAS. Mr. President, a debate of far reaching importance is taking place at colleges and universities all over the United States. The debate is on university investments in companies doing business in South Africa.

Students seek the total sale or divestiture of those university investments. University administrations in most cases are opposed. The issue is apartheid—the abhorrent system of racial discrimination which is official South African policy.

The divestiture campaign speaks to a profound question for American policymakers—how should we respond to the apartheid crisis in South Africa? To some, the South Africa issue is merely another campus fad. But they are completely mistaken. Although the issue concerns the divestiture of university holdings, the implications go far beyond the university.

For that reason, I think it is entirely appropriate that my distinguished colleagues in the Senate consider the divestiture debate. In my remarks today, I want to pay tribute to the remarkable efforts of the university community in bringing this issue to the attention of university administrators and the public at large. I will then propose a new approach to the divestiture issue. It is a plan for phased-conditional divestiture of university holdings in companies doing business in South Africa.

The divestiture campaign began in the early 1970's, but did not become a major campus movement until the death of Steve Biko in a South African prison. Many groups with varying objectives and philosophies are involved. It is a typical grass roots campaign, loosely organized, and fueled by popular interest and support.

Students favoring divestiture share some common objectives. Their first priority is to sever the corporate ties between universities and the system of apartheid in South Africa. They see divestiture of stocks as a way to compel American companies to withdraw from South Africa.

They fear that American companies in South Africa will lead U.S. policy to an alliance with minority rule if a racial war occurs. They are convinced that U.S. companies provide moral and economic support for the government and its policies. Many of these students are pessimistic about the possibility of peaceful reform of apartheid. Many accept the inevitability of guerilla war. Others regard the divestiture campaign as a potent "message to Pretoria," that South Africa must put an end to apartheid and accept majority rule or endure increasing pressure from the United States.

Universities have responded in different ways to the escalating divestiture movement. More than a few have decided to sell all their stocks in companies operating in South Africa. The University of Wisconsin, Ohio University, and the University of Massachusetts, among others, have completely divested—selling nearly \$12 million worth of their holdings. Other schools, such as Columbia University, Amherst College, and Ohio State University have followed the path

of partial divestiture, selling a portion of their holdings in South Africa-based companies.

But the great majority of universities have not divested at all. Some have decided not to purchase more stocks in such companies. Others have urged companies to follow progressive labor practices in South Africa as spelled out by the six principles of Rev. Leon Sullivan. Still others have established investment advisory committees to look into the question of divestiture. Many have done nothing at all.

Most major universities, such as Harvard, have taken strong stands against divestiture. The mood on these campuses is increasingly confrontational. Students apply more pressure. Administrators restate their position and stand firm.

The large institutions argue that divestiture is a rash, one-shot act of protest with no lasting effect on South Africa. They prefer to hold the stocks and to press for the reform of company labor practices.

They say that forced divestiture of all South Africa holdings would cost the university large sums through poor portfolio management and broker's fees. They fear that divestiture will plunge the university into a political riptide which would destroy academic freedom and the free pursuit of ideas.

Students reject these arguments and apply more pressure. Many suspect that the large institutions are consciously supportive of minority rule in South Africa. Six thousand people recently marched at Harvard to protest the university's anti-divestiture policy.

The divestiture issue need not cause a serious rupture of the Academic community. I believe that students and administrators alike share a deep abhorrence of apartheid. All want an end to this oppressive policy of the South African Government—the difference is over means, not ends. It would be tragic if the major universities suffer needless disruption and strife. At the same time, the divestiture campaign has created a rich opportunity for Americans to contribute to the peaceful reform of apartheid.

I want to outline here what I feel is a tactical alternative, one which combines maximum effectiveness in South Africa with minimum disruption of university investment procedures. I propose that all colleges and universities adopt a policy of phased-conditional divestiture.

Phased-conditional divestiture is a straightforward idea. Institutions of higher education would join together nationally in a 5-year program of divestiture of their holdings in companies (including banks) doing business in South Africa. Beginning in calendar year 1979, each university would divest 20 percent of its South African stocks and would continue at that same rate of 20 percent per year unless South Africa commits itself to ending apartheid and takes meaningful steps toward the full political, social, and economic incorporation of all racial groups in a single state. If the South African Government does not make these policy changes, then full divestiture by all colleges and universities would be achieved in 5 years—that is, by 1983.

I believe that phased-conditional divestiture can resolve the current impasse between university administrators and the divestiture campaign.

On one side, universities would benefit in several ways from the plan. By phasing their divestments over a 5-year period, they would gain needed flexibility in the management of their investment portfolios. Rather than face the high cost of immediate, total divestiture, universities could sell South Africa holdings selectively on the basis of economic or other criteria. In any case, the university community would decide which stocks to sell and when—only the rate would remain constant.

But universities object to divestiture not just for economic reasons. They fear intimate political involvement and a consequent loss of academic freedom. I strongly uphold the cause of academic freedom. I, too, would object to any action which would compromise this vital foundation of scholarly inquiry.

Academic freedom is without question a fragile privilege. All threats to university neutrality are not the same, however. Some are more serious than others. I suggest that university divestiture is less a threat to academic freedom than the refusal to divest. We are dealing here with South Africa—the world's worst example of racial oppression.

South Africa's legislated structure of racial domination is a wholesale assault on principles of morality, justice, and human dignity.

Apartheid is a unique, longstanding governmental policy which inflicts massive harm on all South Africans. Because of South Africa's infamous policies, university investment in companies operating in South Africa is in itself a threat to the neutrality of the university. I believe that a phased, conditional sale of holdings represents a sound fiscal and philosophical alternative which universities such as Harvard can accept in good conscience.

I turn now to the other side of the debate and look into how a phased, conditional program will meet some of the basic objectives of the divestiture campaign. I have long accepted the moral necessity of university divestiture, and I firmly believe that a properly designed campaign of national scope will have a constructive, beneficial impact on South African policy. That is the spirit of my proposal for phased-conditional sale of university holdings.

The primary advantage of the phased-conditional plan is leverage. I think that companies and university administrators are correct when they say that a one-shot total divestiture would have limited impact in South Africa. South Africa could absorb the financial and moral impact in the short term, and universities would be left with no cards to play. The idea of a phased program corrects this tactical weakness. For a 5-year period, a nationally coordinated group of universities would divest at a steady rate. Each year, universities would renew the divestiture process; each year, universities would announce their sale of stock; and each year, there would be new pressure on the Government in Pretoria.

A second advantage is the orientation of pressure toward the source of the



problem—the South African Government. Only a decision by the government to abandon apartheid in favor of full incorporation of all racial groups in a single South African state would bring an end to phased divestiture.

There is no mention in this plan of progressive labor practices and the Sullivan Principles. The omission is intentional. I certainly have no objection to the Sullivan Principles. Indeed, I applaud those companies in South Africa who have adopted and implemented them. But the issue here is not the reform of American companies. The issue—the target—is South African law. That law entrenches a racial minority of 4 million whites in complete political and economic control over nearly 21 million people of colour. I think it is illogical to assume that American companies can reform apartheid through progressive labor practices.

Even more far-fetched is the notion that American companies can or should violate South African law in order to bring down apartheid. We can demand that companies be ethical, but it is impractical to ask them to be revolutionaries.

If a society needs drastic changes in its laws. As South Africa does, then it is up to the South African Government to legislate the needed changes. American companies can and should make their wishes known to the government. But they should not be expected to blaze a revolutionary path through the morass of apartheid.

Yet U.S. companies do have a responsibility in South Africa. They must recognize that their very presence there is a symbol of American complacency toward apartheid. More importantly, these companies play a vital role in strategic South African industries such as mining, motor vehicle manufacture, computers, oil refining and distribution, coal gasification, banking, and finance. American investment is intricately tied to the South African economy.

In some cases, American companies deal directly with the South African Government, selling computers used to organize the pass law system, building coal-to-gasoline conversion plants, and selling military vehicles to the South African police and defense forces.

American companies cannot escape their role in sustaining and strengthening the present government and its policies. They must accept responsibility for their involvement with the racist policies of the South African regime.

Phased-conditioned divestiture calls upon American companies to act in a responsible manner toward the South African Government. Companies which regard divestiture of their stocks as harmful will come to realize that they must contribute to the rapid reform of South Africa's apartheid laws. How they decide to do that is their own decision. Each company has unique capabilities and characteristics. Each should decide individually how to exert the most effective pressure on the government. They will have an incentive to do the job well. Universities will systematically sell their stocks over a 5-year period unless South Africa abandons apartheid.

I hope that the advantages of a nationwide program of phased conditional divestiture are apparent to both sides in

the debate. I believe that this plan responds to the most important concerns of all members of the university community. But a basic question is whether the plan is the appropriate response to conditions in South Africa. Will the plan work? Or, more fundamentally, can outside pressure contribute to the reform of apartheid? No one can know the answers to these questions with complete confidence. But I feel there is a compelling argument for outside pressure as the most promising path to the reform of apartheid.

There are three paths to change in South Africa. There is the revolutionary path, there is the evolutionary path, and there is the external pressure path. Each of the three paths could lead to the end of apartheid. Each has its costs and each has its benefits. Revolution will bring a swift solution, but the cost in human lives and property would be enormous.

Evolution relies on the natural forces of economic growth and liberalization to reform apartheid out of existence. There would be little violence, but evolution is a very slow process. External pressure is the moderate path between the extremes of revolution and evolution. External pressure can bring change more rapidly than the evolutionary path, and will involve less suffering than the revolutionary path.

South Africans of colour are increasingly impatient with evolutionary changes. They are deprived of all meaningful rights to political and economic power. There has been no progress toward ending the hated pass laws, no movement to end the Bantustan system of political disenfranchisement, no change in the township system of black housing. Many South Africans are turning to revolution as the only viable path to majority rule and an end to apartheid. Those who would rely on evolution are running short of time.

Soon, the day will arrive when the revolutionary alternative will overpower the evolutionary path, when all hope for negotiation and peaceful development will vanish, when violence and bloodshed will determine the course of history. We have watched this happen in Rhodesia; we are about to see it happen in Namibia. In South Africa, there is still time—not much time, but enough to apply outside pressure to the South African Government, to compel that government to make the substantial changes so necessary for peace.

Pressure from the United States can have a potent impact on the Pretoria Government and its electorate. It imposes a psychology of censure to which South Africans are very sensitive. It imposes economic costs to which no one is insensitive. We cannot be sure how effective each application of pressure will be, but we must apply it. There is no other way to contribute to a peaceful end to apartheid.

There is no denying that external pressure will bring hardship to all South Africans, black and white, racist and nonracist, responsible and irresponsible. But I do believe that a gradual, step-by-step escalation of pressure will give South Africa's rulers time to change before the hardships become severe. South Africans themselves have called for external pressure again and again.

The late Albert Luthuli, a Nobel Prize winner and eminent South African, has said:

The economic boycott of South Africa will entail undoubted hardship for Africans, we do not doubt that. But if it is a method which will shorten the day of blood, the suffering will be a price we are willing to pay.

Another South African told me last week during his visit to my office here, that "South Africa wants to hide behind our suffering." Many other black South Africans have expressed the same sentiments. They are ready when we are.

This is the strength of African nationalism—to push forward against great odds and under great duress. We have underestimated African nationalism before and paid dearly for our error. I pray that we will not do so again. We must accept the determination of Africans to achieve majority rule. We must understand that the governments' policies are forcing many black South Africans to take up arms. We must do all we can to promote the swift reform of apartheid. Many lives are at stake. Given our intimate commercial, cultural, and strategic ties with South Africa, we have a moral and practical responsibility to act. The divestiture campaign represents a rich opportunity to put the United States on the right course in South Africa.

I honor and support Americans across the country who have worked so hard to make university divestiture a reality. As the action of some colleges and universities already has demonstrated, it is not an idle theory or a passing fancy. My proposal for phased conditional divestiture is offered in the spirit of moving ahead with what remains to be done—and must be done.