ANSWERING A CALL
SU lifts its ban on South African investment.

In the mid-eighties, students at colleges and universities across the United States erected mock shantytowns in protest of their institutions' investments in South Africa. They spent days and nights camped outside, urging their universities to divest in opposition to apartheid.

Syracuse University was no exception. Students housed themselves in small huts on the lawn in front of the Tolley Administration Building, chanting "SU out of South Africa!"

Almost a decade later, the call is quite different. With democratization taking the place of legalized white minority rule in South Africa, institutions are now being asked to reinvest in the once politically taboo country.

Last September, African National Congress (ANC) leader Nelson Mandela, in a speech to the United Nations' Special Committee Against Apartheid, said: "We believe the moment has come when the United Nations and the international community as a whole should take [notice] of the decisive advances that have been made to create a just setting for the victory of the cause of democracy in our country.

"To strengthen the forces of democratic change, and to help create the necessary conditions for stability and social progress, we believe that the time has come when the international community should lift all economic sanctions against South Africa."

American companies—and colleges—have been quick to respond.

In May, Syracuse University Chancellor Kenneth A. Shaw and the University's Board of Trustees voted to lift the ban on investing funds in South African government and corporate securities, South Africa-related holdings, and companies that do business with South Africa. The decision reversed SU's policy of divestment, set November 15, 1985. At that time, the University held an estimated $15 million in investments in 14 companies doing business with South Africa.

"We did the right thing by divesting when the social conditions in South Africa promoted racism," says Shaw. "Now, it is just as appropriate to support the creation of a strong apartheid-free South Africa."

Lifting the ban doesn't mean the University is going to rush out and actively invest in South Africa, but it does expand SU's financial options, says SU Treasurer Barbara Menchella.

The outside managers who handle SU's equities now have more discretion in how investments are made, she says, noting that the ebb and flow of market investments make it difficult to predict exactly how much the University might invest in any one country.

SU's decision to overturn the investment ban came after the University's Commission on Pluralism conducted an in-depth study of the current climate in South Africa.

"We were opposed to the kinds of conditions in South Africa at the time we placed the ban," says Howard Johnson, SU's associate vice chancellor for academic affairs. "But we are now comforted by the positive changes there and we've shown that by reconsidering our investment policy."

Johnson, who chairs the Commission on Pluralism, began studying the situation in South Africa shortly after Mandela's speech. His committee, composed of faculty, staff, and students, concluded that moves to end apartheid and to include blacks in national elections were sufficient evidence of democratization.

In its consideration of lifting the ban, the committee also examined the Sullivan Principles, a code of guidelines created by the Reverend Leon H. Sullivan, a civil rights leader from Philadelphia.

The Sullivan Principles calls on companies to improve employment opportunities and conditions for South African blacks. It cites efforts such as the integration of work facilities in both eating and lounge spaces, equal and fair practices for all employees, and equal pay for equal work. It also calls on companies to create training programs to prepare...
blacks and other non-whites for positions of advancement, to increase the number of blacks in supervisory and management positions, and to generally improve the quality of the employees’ lives outside the work environment.

One-hundred-fifty of the estimated 350 American firms conducting business in South Africa agreed to follow these guidelines. In 1978, Syracuse University initiated a policy to invest only in companies adhering to the Sullivan Principles.

In response to Mandela’s recent request, the SU committee also looked at how other academic institutions were handling the situation. Several universities, including the University of Michigan, SUNY Stony Brook, and Notre Dame University, had already lifted their bans.

Other institutions have been cautious about moving too quickly, expressing concern over whether divestment policies are being reversed hastily in light of recent outbreaks of violence.

Some Syracuse University students, too, are leery. “As it stands right now, with all the turmoil taking place, I don’t think it’s a wise decision for any investor from the United States to think about reinvesting in South Africa,” says Hakhi Alakhun, president of SU’s Student African American Society. “We have to think beyond the dollars and look at the situation as it’s really happening there.”

Waiting to see if everything will come together smoothly, however, would be taking the “safe route,” says Johnson.

“The University is taking a proactive stance in supporting South Africa,” Johnson says. “They’re going to need a tremendous amount of support and help as they move into this new period.”

And, says Bruce Hare, no one knows better than Nelson Mandela and the ANC if it’s the right time to reinvest. “They live there. It’s their revolution,” says Hare, chair of SU’s African American Studies Department. “If they are confident in the emergence of a democratic state and have decided this is the time to reinvest in South Africa, then I think we are wise to follow their lead.”

—ANDREA C. MARSH