New Battlegrounds

The divestment drive moves on several fronts

They appear less often now, those news photographs of students demanding divestment or building shanties to oppose apartheid. To be sure, the protest scenario is still playing at some schools: last month, for example, 41 demonstrators were arrested for erecting shanties at the University of Missouri. But at many institutions the divestment drive is moving onto new battlegrounds. Now that 128 colleges have agreed to sell off all or some of their stocks from firms that do business in South Africa, students are making even tougher demands—and a few corporations are fighting back by withholding contributions.

Much of the new controversy is erupting at institutions that have already adopted full divestment policies. To minimize financial disruption, most of these schools have chosen to unload the stocks over a period of several years. Meanwhile, a few of the targeted companies—such as General Motors, IBM and Coca-Cola—have announced they will sell off their South African operations. Most trustees interpret that to mean that stocks in these companies are no longer proscribed.

But national antiapartheid organizations that promote divestment—such as the New York-based Africa Fund—contend that these companies should remain targets. Divestment campaigners argue that the recent pullout announcements are merely shell games in which companies continue to provide technology and products while formally transferring ownership. "If you are continuing to invest in those companies you are not making any moral statements," says Columbia University senior Tanaquil Jones. Trustees reply that they are already carrying out the intent of the divestment declarations; to rid themselves of all investments in all firms with even the most tenuous connections to South Africa, they say, would be ruinous. Declares Columbia University trustee Charles Luce: "If you cut those companies out as possibilities, you'd cover practically the whole world of common stocks."

Some of the targeted corporations insist that they are acting in good faith. GM, for example, has already sold its holdings to South Africans. The automaker will, however, continue to supply the new entity with vehicles that it coproduces in Japan and West Germany. GM will also lend the company $45 million to pay off inherited debts. "We felt that making our product available to the new company would net job opportunities for our 3,000 employees there, 60 percent of whom are nonwhite," says GM spokesman George Schreck. IBM makes a similar case for its plan to finance the sale of its subsidiary to South Africans, and allow the new firm to serve as its exclusive business representative. Says a spokesperson: "We had an obligation . . . to our 1,450 employees—23 percent of whom are nonwhite."

Coca-Cola, which announced its departure in September, is proud of the fact that it is selling part of its operations to black South Africans. By June, says spokesman Randy Donaldson: "The end result will be that Coke will not have any employees or assets and will pay no taxes in South Africa, and that blacks will be part of the South African soft-drink industry." Coke remains on the Africa Fund's protest list, however, because it will continue to ship syrup to 16 independent bottlers in South Africa.

A handful of corporations that continue to do South African business, meanwhile, are counterattacking against divestment forces. The Chicago-based FMC Corp., which makes industrial machinery and chemicals and has a plant in South Africa, has already refused to renew some academic donations at divesting schools: $30,000 in grants to the University of Minnesota; $24,000 to four California colleges, and grants to schools in Michigan, Wisconsin, Iowa and Arizona. With an eye to following suit, the Marathon Oil Foundation surveyed more than 80 universities that it normally supports to see if their investment policy permitted them to own stock in Marathon's parent company, USX: "If the answer was no," says Bill Ryder, a spokesman for Marathon, "we decided if they could not invest in us, we could not invest in them."

Corporate greenmail: Since corporations spend generously on higher education—GM alone gives about $30 million annually—the mere hint of cutbacks has considerable resonance. And some worry that the politicization of college stock portfolios and corporate giving may seriously threaten academic freedom. When companies tie their gifts to divestment policy, "it's a form of greenmail, an attempt to use economic clout to influence decisions," says David W. Clark, trust officer for Oberlin. "But so is divestment; it may be appropriate, but it's unfortunate."

Some schools concede that it is hypocritical to sell a corporation's stock but accept its donations for research, scholarships and capital building budgets. Smith College, for example, which adopted a divestment policy last October, has decided not to take gifts from companies that operate in South Africa. Princeton, meanwhile, refuses to adopt a divestment policy but has sold stocks of two companies and said it would not take their money.

Last spring, when most of the action was on the barricades, the divestment movement may have seemed a simple matter of right and wrong. But as many at divested schools are now discovering, they have only begun to fight.

CONNIE LESLIE *with* BARBARA BURGOWER *in Houston,* IRENE TUCKER *in New York and bureau reports*

Still fighting: *Protest rally at the University of Missouri*

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