The Recommendations beginning on page 18 of the Report of the Ad Hoc Committee on Princeton's Investments in Companies Operating in Southern Africa (the "Malkiel Report") were adopted in full by the University Faculty on January 20, 1969, with the following emendation:

"It is resolved that Princeton not hold any securities in companies that do a primary amount of their economic activity in South Africa."

Norman Mather
Clerk of the Faculty
Report of the Ad Hoc Committee on Princeton's Investments in Companies Operating in Southern Africa

Introduction

This Committee was formed at the request of President Robert F. Goheen and the Board of Trustees to study the question of Princeton University's investments in companies doing business in southern Africa. The Committee was asked to consider the proposal to the Trustees, dated April 15, 1968, by Messrs. William Scott, David Wiley, Rod Hamilton, Robert Blockum, Muhammed Diop, and Fred Bogardus. In that proposal it was recommended 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"; that Princeton University "begin the process of reinvestment of present allocations of stock, bonds, and other investments" it presently holds in companies that participate in the economies of southern Africa; and that Princeton "refuse to accept monies, bequests, and endowments which come to the University primarily from the profits made in southern Africa." The Committee was asked not only to study this specific proposal but also to recommend other ways in which "Princeton can most effectively contribute to the abolition of apartheid and racism."

The faculty and administration members of the Committee, appointed by the President on advice of the Faculty's Committee on Committees, were Professor Leon Gordemer; Professor Frederick Harbison; Mr. Ricardo Mestres, Financial Vice President and Treasurer; Professor John Schrecker; and Professor Burton Malkiel, Chairman. The Chairman selected five student members for the Committee. The criteria for selection of the student members were (a) a knowledge of the economic and political situation in southern Africa; and (b) an interest in the
issue of the University's investments in companies doing business in southern Africa. The students selected were Mr. Ronald Butler, '70; Mr. Robert Collins, '71; Mr. Vernon Dixon, graduate student in Economics; Mr. Elliott Moorman, '70; and Mr. William Scott, graduate student in History. After several of the Committee meetings, Mr. Moorman was forced to withdraw from the Committee because of a class conflict and he was replaced by Mr. Philip Holman, '70. Mr. Holman was selected by the Association of Black Collegians. While the student members do not join in the recommendations of this report, they did participate in meetings and discussions, and the faculty and administration members of the Committee wish to express their thanks to them for their help in the work of the Committee and for their insights into the issues involved.

The Committee met approximately once each week from late September until early November. Several guests were invited to address the Committee and to answer questions posed by its members. These quests included a business executive with operating experience in southern Africa, a United Nations official with considerable experience in dealing with questions of apartheid, a refugee from South Africa, and a specialist on southern Africa who edits a newsletter on economic conditions in that region. In addition, opinions from several other outside specialists were solicited by mail.

In the course of its investigations, the Committee reviewed very carefully the economic, political, and social conditions of black people in southern Africa, especially in South Africa. It is difficult to exaggerate the horrors of apartheid and the inhumane and tyrannical practices that accompany it. The policy has led to one of the most rigid systems of racial injustice in the world. No

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1. A sample of the questionnaire, from which many of the questions addressed were drawn, is included as Appendix A.
one who highly values freedom and human dignity can fail to abhor the evils of 
apartheid, and this Committee expresses its unequivocal opposition to these racial 
policies. Moreover, the Committee is deeply concerned about the moral issues 
raised by Princeton's position if -- as a byproduct of its financial investments -- 
the University is helping to give aid directly to the oppressive governments of 
the nations of southern Africa, or is receiving significant profit: from the 
exploitation of black workers.

We are convinced that the University community is essentially unanimous in 
sharing our deep concern for the problems of social and political justice for 
peoples of all races. Indeed, Princeton has already taken a stand against racism 
and has instituted policies for improving opportunities for disadvantaged groups 
in its hiring and admissions policies. While we shall see in the following 
section that the advisability of selling the particular group of companies listed in 
the proposal of Messrs. Scott et. al. is by no means clear, the concern of the 
Committee to study any and all actions that might contribute to the abolition of 
a morally indefensible system of racial injustice was paramount in our deliberations. 
In the concluding sections of this report, we discuss several substantive contri-
butions the University can make in the realms of teaching, research, and other 
activities.

What Constitutes Investment in Southern Africa?

Before the Committee could turn to the question of whether Princeton should 
sell any of its holdings, it had to examine criteria for determining whether the 
University is involved in apartheid. It was difficult to set criteria, for it is not 
easy to define precisely which companies appreciably contribute to the economies 
of southern Africa. We should note at the outset, however, that Princeton owns
no stocks or bonds of companies that have more than a peripheral interest or investment in the region or that directly support the governments involved.2

Several criteria for involvement were considered, and two polar cases should be mentioned.

One possible criterion defined a company as "substantially supporting the governments in power" only if it is domiciled in southern Africa, if its major operations are in southern Africa, or if it lends money directly to the governments involved. Such companies offer the most significant support to the economies of southern Africa or directly aid the governments in power. Ownership of stock in these companies could reasonably be construed as supporting immoral governments. Were this criterion accepted, it would turn out that Princeton is involved not at all, for as noted above, the University holds no securities of companies in this category.

A second criterion, which was suggested by one of the Committee members, represents the opposite pole: Under this criterion, any company that profits at all -- directly or indirectly -- from the economies of southern Africa should be considered as helping to support racist regimes. Thus, any company that either operates directly in southern Africa, has a subsidiary or affiliate in southern Africa, or that trades with southern Africa, either directly or by making intermediate products that are then sold to the southern African economies, would be considered to be a company that profits from racial injustice and that contributes to the system of oppression.

By this second criterion it is probably true that almost every company in Princeton's portfolio is contaminated. Nor is it clear that replacements could

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2 While firm evidence is neither publicly available nor accessible to our Committee, we have estimated that the involvement in southern Africa of the companies whose stock is owned by Princeton represents an insignificant part of the companies' total sales and profits. On average, we believe that operations in southern Africa contribute less than one percent to total sales and profits for those companies listed in the Scott proposal.
be found, since it is almost impossible to find a company that is not involved to some extent with the economies of southern Africa, directly or indirectly, through trade. For example, even many United States electric utilities, which would appear to be in now way supporting the governments of southern Africa, may buy significant quantities of processed minerals that had been mined in one of the countries of southern Africa. Purely domestic banks and life insurance companies may be even more culpable since they often hold bonds of the International Bank for Reconstruction and Development, which lends money directly to South Africa and thereby actually supports a racist government rather than simply profiting from it. One could not even hold a portfolio consisting entirely of cash to escape this contamination. Cash represents non-interest-bearing debt of the United States Government, which has given indirect but substantial support to the South African Government by buying gold at $35.00 an ounce.

Needless to say, there are many intermediate criteria that might be selected. The one our Committee considered most carefully was the criterion suggested by Messrs. Scott et al. in their April 15 petition to the Trustees. In this petition, a list of companies was submitted which had been selected by the following criterion: Companies were included only if they had affiliates or subsidiaries operating in southern Africa. These companies are listed in Table 1 together with data indicating the size of Princeton’s holdings. It is shown in Table 2 that these holdings amount to $127 million, approximately one third of Princeton’s total holdings of common stocks. It was argued that these were the companies most directly involved in southern Africa and also most visible to the oppressed black population. Consequently, these companies were symbols of support of these economies by United States corporations. Because the original petition concerned these companies, we utilized this criterion in judging the extent of Princeton’s involvement in the economies of southern Africa and in estimating the possible
advantages and disadvantages of withdrawing its investments from these companies. In further discussion we shall call the shares of these firms the "designated" shares.

We should note, however, that the signers of this document were not satisfied with this criterion. The basic problem is that the extent of a corporation's involvement in southern Africa cannot be judged simply by the existence of an affiliate or a subsidiary that operates therein. For example, some companies may do a great deal of trading with countries in southern Africa without having either a sales subsidiary or an affiliate, and thus would be exempt from criticism. Other companies may do very much less trading, but may have a sales affiliate employing a few individuals who service machinery that has been sold by the parent company. Moreover, it is possible that some companies and institutions may be substantially involved in the economies of southern Africa through the process of making loans, either to companies or to governments, and yet they may have no physical operations as such in southern Africa. Finally, as noted above, the extent to which the designated companies actually profit from operations in the economies of southern Africa is minimal.

Arguments Advanced for Selling
the Designated Shares

The first argument advanced for selling the designated shares is one that was emphasized by the student members of our Committee and one that in our opinion represents the most important advantage to be gained from disengagement. This advantage is the effect such an act would have on black people all over the world. We were convinced that by such an action Princeton University could make more credible to black people its determination to continue working toward the abolition of racial discrimination, even when it resulted in a considerable sacrifice by the
University. While it was argued that Princeton's hiring and admissions policies represented clear evidence of its concern for racial equality, it was forcefully argued that it would be virtually impossible to demonstrate to black people that the maintenance of Princeton's investment holdings did not indicate a disregard for racial justice. . . . To blacks all over the world, southern Africa is a symbol of the domination of blacks by whites. The particular companies chosen for disinvestment do have one common characteristic: Since they have subsidiaries or affiliates operating in southern Africa, they do give the appearance of United States corporations supporting racist regimes. Disengagement would certainly be one way to show that Princeton University means what it says about racism.

A second argument for selling the designated shares was connected with the moral issue alluded to earlier: It was argued that holding stocks and bonds in any company operating in southern Africa is immoral. Therefore, it was argued, disengagement would help bring the investment policies of the University closer to the values and goals it selfconsciously seeks as an institution.

There are several reasons, however, why we did not consider this second argument sufficient to justify Princeton's selling of the designated shares. In the first place, as noted above in the discussion of criteria for defining involvement in southern Africa, we are not convinced it is reasonable to consider these $127 million of Princeton's investments as actually supporting racist regimes in southern Africa, nor as substantially profiting from the exploitation of black workers. The involvement of these companies in the economies of the region and the extent to which they profit from this involvement is extremely small. Secondly,
other companies in Princeton's portfolio may contribute through trade at least as much to the economies of southern Africa as those companies on the designated list. Finally, as we emphasized in our earlier discussion of criteria of involvement, it is simply not possible to cleanse the University's portfolio of all investments that may directly or indirectly contribute to or profit from the racist policies of the governments of southern Africa.

One further point should be made concerning the morality of selling shares of the designated companies: Many of the designated companies pursue notably progressive policies in their domestic operations or in their business relationships in other parts of Africa. An example is that of the Xerox Company, which has been a leader in providing job training to disadvantaged workers and financial and other aid to ghetto businesses. In conjunction with a local community action organization, Fight, Xerox recently made a substantial contribution toward setting up ghetto businesses in Rochester. In many other ways Xerox has also exercised its corporate responsibility for social progress. We were, thus, troubled that Xerox would be on the designated list when that company has for a long period of time been a leader in the fight for equal opportunities for all citizens in the United States.

The Committee studied carefully a third argument that is most frequently claimed for the policy of selling the designated shares — namely, that such sales would help contribute to the abolition of apartheid and racism in southern Africa. We could find no evidence that this argument is valid. Indeed, we find no reason to believe that Princeton's disengagement would have any effect on the South African economy. We came to this conclusion on the basis of the following arguments:

First, it should be emphasized that Princeton's holdings of the shares of each company operating in southern Africa represent an insignificant fraction of
of the total number of shares of that company outstanding (See Table 1). Thus, the sales of our holdings would be most unlikely to have any permanent influence on the market prices of the shares. Our shares would simply be transferred to other buyers. True, if many educational and charitable institutions followed suit, the market prices of these shares might fall. But such a snowball effect is unlikely. Indeed, several educational institutions have already considered the question of selling such shares and have decided to leave their holdings intact. And even if other institutions did sell, the testimony before our committee indicated that corporate policies would be unaffected.

Even in the unlikely event that U.S. corporations did want to disengage from a country such as South Africa, evidence received by the Committee indicated that willing buyers exist for any properties U.S. interests would want to sell. Buyers from Japan, West Germany, and several other European nations would purchase any U.S. assets offered for sale and would willingly increase their annual flow of investment funds to South Africa in response to any diminution of new U.S. investments. In addition, the South African government itself would not view as an unfavorable development an opportunity to buy such assets itself; to employ the growing accumulation of savings in South Africa to increase domestic ownership of the economy's manufacturing facilities.

Thus, we can see no way in which Princeton's actions could by themselves lead to any effect on the South African economy, nor do we believe that Princeton's actions could precipitate a series of events that would have any appreciable effect on the economy or the viability of the government. Consequently, we concluded that selling the designated shares would not contribute to the goal of helping to combat apartheid and racism in South Africa.
The Disadvantages of Withdrawing Investments From the Designated Companies

A. Financial Costs

The Committee conducted a careful investigation of the financial costs likely to be associated with a withdrawal of the funds invested in the designated shares. Since the calculations leading to our conclusions rest on somewhat detailed technical considerations, both the actual computation formulas and their justification are relegated to Appendix B. Here we simply state the major conclusions of our analysis.

1. The designated securities have provided higher returns than non-designated securities.

Based on an analysis of returns over the past 15 years, the securities proposed for sale from Princeton's portfolio have provided an average annual return (including capital gains as well as dividends) of 14 per cent. The remaining securities available for investment have provided an average return of 11.3 per cent. (See Table 3). If this differential in returns continues in the future, the switching out of $127 million in designated securities could cost the university $3 1/2 million per year.

It is important to make two comments about the differences in average returns. First, these differences in returns cannot be explained as resulting from extra profits that accrue to American companies that exploit black workers. In order to account for the large difference in returns, we analyzed very carefully the individual companies involved in making up the averages. We found that those companies on the designated list that had provided the largest average annual returns (and thus drove up the average for the list) were companies such as International Business Machines, Xerox, and Polaroid -- companies relatively little involved in the southern African economies; companies that have provided extraordinary returns to investors, not because of exploitation, but because of ingenious product development.
As is well known, IBM has been for years the leading company in the computer industry, as has been Xerox in the manufacture of copying equipment. The Polaroid Company invented and holds patents on a camera that takes pictures and develops ready prints within 60 seconds. The extraordinary returns that have accrued to these companies have been solely the result of their inventive product development and their aggressive merchandising skills. Once these companies had developed their products, it was natural that they would want to market them world-wide. Thus, they made large investments in western Europe, South America, Africa, and every other place where markets existed. Their involvement in South Africa is minimal since they do not manufacture their products there. The reason that such companies are included in the designated list is typically because they have sales or service affiliates operating in every country in which they do business. It is only natural that we should find many of the most aggressive U.S. corporations operating in southern Africa, because it has been the pattern for American corporations to expand their operations, if they are successful, into every major foreign market.

The second point that should be made is in the nature of a warning: It would not be correct to say that since the returns from the designated list were significantly higher over a past fifteen-year period that such will necessarily be true of a future fifteen-year period. Past returns cannot be used as a reliable guide to future returns. Nevertheless, because successful companies will generally want to market their products world-wide, it is likely that the best investments that Princeton can make, now or in the future, will probably have some operations in southern Africa. In other words, the types of companies that are somewhat involved in southern Africa are precisely the most aggressive, innovative, and growth-minded multinational companies. Thus, there may well be a
systematic relationship between the expected profitability of an investment, and
the likelihood that the company will operate in all parts of the world including
southern Africa. To the extent that these corporate characteristics can be
expected to affect future returns, altering the composition of the portfolio
might well have significant long-term deleterious effects on the yield from
Princeton's endowment funds. */

2. There are significant transactions costs involved in changing the com-
position of the portfolio.

The transactions or switching cost involved in selling $127,000,000 of
securities and replacing them with other investments would be, at the very
minimum, 2 per cent of the total amount of funds to be switched. 3 Moreover, these
brokerage costs might be only a small part of the total costs involved in switching
from security to security. The blocks owned by Princeton University are suf-
ficiently large, in comparison with the annual trading volume in shares (see Table 1),
that it is highly likely that these shares could be sold only at a discount from
going market prices. Similarly, the blocks of securities purchased as replace-
ments could probably be bought only at some premium over going market prices.
In some instances, such as, for example, some of the drug companies owned by
Princeton, the blocks we own are sufficiently large relative to the annual trading
volume that sale might have to be accomplished through a secondary offering in-
volving the services of an investment banker. In such a case the payment for the
banker's services would far exceed the standard brokerage charges. It is true
that in some cases transactions costs may be minimized by feeding the stock out
in small amounts over a period of time. Such a tactic is not always possible,
however, since steady selling is often (correctly) interpreted in the market as

3. Standard brokerage charges average 1 per cent of the principal amount for each
transaction, either buying or selling.
evidence that a large block is overhanging the market. Sales prices may therefore be depressed from going market values for some time even if the shares are fed out very slowly. It is difficult to estimate the extent of these additional transactions costs, but it would not seem unreasonable to estimate that they would probably amount to an additional 1 per cent on both the buying and selling sides of the market. Thus, total transactions costs would probably amount to something like 4 per cent of the total amount of securities switched. In the current situation, a once-and-for-all cost of approximately $5,000,000 would be involved.

3. Adoption of the April 15, 1968 proposal to the Trustees could severely impair the University's fund-raising ability.

In that proposal, it was suggested that the University not accept gifts that come "primarily from profits made in southern Africa." If this recommendation were to be interpreted as preventing the University from accepting stocks that profit from subsidiaries or affiliates operating in southern Africa, the University would not be permitted to accept gifts of the common stocks of such companies as IBM, Polaroid, etc. We have not calculated what such a policy would have meant to Princeton if it had been carried out in past years. Nevertheless, we did sample nine gifts and bequests with a value in excess of $250,000 that have come to the University during the past three years, to ascertain what proportion of these gifts consisted of designated stocks. Of this sample, we found that 34 per cent of the total gifts were in shares of designated companies. The total market value involved was over $11 million. Thus, whatever might be the effect of the attributes of individual donors, one clear consequence of the April 15.

4. It should be emphasized that the additional transactions charges represent temporary disturbances from going market prices at the time large blocks are purchased or sold. They are not likely permanently to affect market prices.
proposal is clear: If it were to be interpreted as preventing Princeton from accepting designated stocks as gifts, the University's fund-raising ability would be severely impaired.

It should be emphasized that many individuals prefer giving gifts in stocks that have risen significantly over the years. This is so because the donor can deduct the total market value of the gift from his income tax, and yet can avoid a capital gains tax on capital appreciation. Since stocks on the designated list have risen considerably it would appear that a policy of not accepting such gifts would have extremely deleterious effects on individual grants in the future. The cost to the University of reduced future charitable contributions could be considerably larger than the first two costs.

It is essential to consider what the financial costs of selling would mean to the University. Selling the designated shares would not be simply a matter of inconvenience. Nor are the dollar costs important per se. The real cost to the University of selling the designated shares would be what the University would sacrifice, by this action, in terms of the impairment in its ability to perform its basic mission. This is the economist's notion of "opportunity cost." When one recognizes the serious current financial situation of the University, it is clear that any significant financial loss such as that estimated in the previous section of this report would entail the forced retrenchment of many of the University's programs. To judge the possible extent of the retrenchment, it may be useful to relate the estimated $3 1/2 million yearly cost (the first cost listed above) to the size of the University's budget for current purposes. The sum of $3 1/2 million represents approximately 10 per cent of the University's budget for educational and general purposes, including auxiliary activities and student aid. Of course, as indicated above, the total financial loss to the University

5. These budget figures exclude direct and indirect expenditures relating to sponsored research activities.
would greatly exceed $3 1/2 million per year. It is clear that selling the designated shares would demand significant retrenchment in the University's educational programs.

When considering such a retrenchment of University programs, one must bear in mind that some of the most recent and costly of these programs have included a vitally needed expansion of research and teaching in basic fields such as urban studies, foreign and international affairs, economic development, and physical and life sciences. They have also included critically important programs that make a direct contribution to the cause of racial justice such as the active recruitment and granting of scholarship aid to more black students, the establishment of closer working relations with organizations in New Jersey concerned with racial problems, and other programs such as the summer program for disadvantaged youth. Selling the designated shares would entail a critical cutback in basic educational programs, or a curtailment of new programs and those planned for the future. This would be a heavy price to pay for a gesture that can be supported only on the basis of its symbolic value.

B. Other Disadvantages

In addition to the financial costs to the University described in the preceding section, we analyzed several other disadvantages that could be of even greater importance to the University. The two most important of these are described below:

We believe that selling our investments in the designated shares would, in effect, formally establish a policy of using moral criteria in selecting our investment portfolio. While no one would defend a practice of investing in companies whose profits result from patently immoral activities, the very clear danger is that selling the designated shares would lead to demands that the University discriminate on political and social grounds as well in making its investments. Such a policy could have many undesirable effects on the University.
First, such a policy would commit the investment managers to a continuing series of decisions on the possible moral-political-social effects of all investments. Since most investments involve businesses with a wide variety of associations, the investment managers would be obligated to investigate and make judgments about the moral-political-social effects of all these associations. We doubted that it was always possible to obtain the necessary information, and we concluded that such responsibility would severely hinder investment management.

The problem is that once the precedent had been established, a case could be made for avoiding investment in virtually any company. Indeed, some members of the University community have freely admitted that once this action was taken on South African investments, the next step might well be to turn the attack on munitions makers, companies with "unfair" labor practices, companies dealing with discriminatory unions, companies with investments in Portugal, etc. Reference was also made to the likelihood of conservative pressures that we avoid investment in companies that do business with communist countries. The dangers involved seem very clear. It is hard to imagine a company completely free of connections that might be considered objectionable on moral, political, or social grounds by some part of the University community.

We also questioned whether it would be prudent to use the University's investment portfolio as a vehicle to promote this institution's general policy against racism. As was mentioned above, selling our shares would have no effect on the actions of the corporations whose shares were sold nor on the economies of southern Africa, while the financial costs would be so heavy as to severely limit the University's effectiveness. Moreover, if we were to use our economic power to try to influence corporate or government policy, we would invite retaliatory strategies on the part of corporations or the government. That is,
the University might well be subjected to increasingly severe outside pressures, in the face of which it would have difficulty retaining its responsibility to provide an environment in which ideas can be freely expressed and developed. No university can afford thus to jeopardize its basic mission and its effectiveness as a home for intellectual freedom.

Conclusion Regarding the Sale of the Designated Shares

The weight of the argument developed above leads us to recommend that the University not sell the designated shares. The issue is not one of institutional purity, for we have seen that selling the proposed $127 million of investments would not cleanse the portfolio of all morally questionable investments. Indeed, sale of these securities would be, for us, settling for an appearance of moral concern while sacrificing its reality. Nor could the sales be justified on the grounds of institutional effectiveness, for available evidence indicates that there would be no effect on the South African economy if the University divested itself of these security holdings. Selling our shares would not bring closer the day of emancipation for black people in South Africa. On the other hand, the effects on the University's financial position could be extremely deleterious and many important and beneficial University programs could be endangered. Moreover, the ability of the University to perform its basic mission and to sustain a unique environment as a home of intellectual freedom might be endangered by such action.

We do not, however, wish to minimize the importance of symbolic moves on the part of an institution such as Princeton University. We were convinced that the action of selling the designated shares would be one way of making credible to black people all over the world our professed concern to work toward the abolition

6. Moreover, it might be argued that to be completely "pure," Princeton should also dispose of its large holdings of IBM and Xerox machines that support its educational programs and administrative facilities.
of racism. We therefore sought other means that might do the cause of racial justice more good in the long run and Princeton less harm.

We concluded that if we are seriously interested in improving conditions for the black man in southern Africa, we can be at least as effective by using the corporate connections we have than by disengagement. Indeed, pressing our views through all available channels, consistently and repeatedly may be a more realistic and ultimately perhaps even a more effective solution in the long run. We have no illusion that such actions alone will end apartheid and racism and we recognize that our effectiveness will be limited at best. But there are several actions we can take as a university that can take advantage of our unique strengths as an educational institution. In the next section we turn to the specific proposals recommended.

Recommendations

A. Expressions of Our Views to Those Corporations Whose Stock We Hold

Despite our recommendation not to sell the designated shares held in Princeton's portfolio, we as individuals feel strongly that, as members of the stockholding community, we have high-priority obligation to speak out forcefully against corporate practices we consider immoral. Specifically, these are the views we share:

1. We are concerned about the involvement of U.S. corporations with foreign countries, such as those in southern Africa, that enforce policies of racial injustice. We want to express our belief that U.S. corporations should not associate with these governments.

2. We are particularly concerned about U.S. corporations and financial institutions that directly aid the South African government. Particularly, we abhor the practices of several U.S. banks in granting South Africa a substantial line of credit, which helped bolster the shaky government after the Sharpeville massacre of 1960.
3. From testimony taken during our deliberations, we have reason to believe that the labor practices of many U.S. corporations operating production facilities in South Africa are little different from, and in some cases may even be less progressive than, those of South-African-owned corporations. There exist opportunities, within the laws of South Africa, to improve working conditions for black workers in at least three areas: job training and supplementary education, pensions and other employee benefits, and wage levels. If a U.S. corporation undertakes manufacturing operations in South Africa, we believe that at the very least it has a humanitarian responsibility to improve the lot of its black workers. While we do not approve of any corporation's investing in South Africa, we consider a labor policy of paying only minimally acceptable wages and benefits by South African standards especially reprehensible, and inconsistent with honorable business practices. In addition, we believe that U.S. corporations operating in South Africa could do much to encourage black African distributors and suppliers to provide banking and credit facilities to non-Europeans, and to petition the South African government to liberalize the "pass laws" and other restrictions bearing on employment.

Several methods of expressing the above views are possible. The University as a stockholder might itself make such representations to the companies whose shares it holds, though this might raise some of the dangers discussed on pages 15-17. A less direct method would be to have such representations made by the members of the Committee (if possible together with some of Princeton's Trustees) acting as individuals. In either case, we believe Princeton's action would be far more effective if it were joined by other universities, as the stockholdings of several universities might represent a sizeable block of the outstanding shares. Preliminary discussions with a number of universities indicate that this may prove
feasible, although it will take considerable time to work out the details. A joint venture of this sort might produce desirable results. If the total of the cooperating institutions' shares were sufficiently high, no member of top management in the relevant corporations could easily disregard their representations. These representations should begin with private communications with management; public protests in stockholders' meetings should be reserved for use in cases of recalcitrance.

We must emphasize, however, that while these actions might lead to some changes in corporate policies and some improvement in labor conditions for black workers, we have no high hopes that they would produce a dramatic effect. They are no more likely to end apartheid than would selling our shares. It follows, therefore, that the University cannot hope to do very much in the short term. It furthermore appears clear that the financial arena is not the one in which a university can make its influence felt most effectively. A university's real effectiveness lies in education and research, not in the manipulation of propaganda symbols or in the financial management field. Therefore, we believe that the most constructive suggestions we can make are those that call upon Princeton's talents in the educational field.

B. Programs to Aid the Black People of Southern Africa and to Influence Long-Run Change in Race Relations

As stressed earlier in this report, there is deep concern in the Princeton University community about racism in southern Africa as well as race relations in other parts of the world. In teaching, research, and other activities, faculty members and students may be able to make positive contributions to improvement of race relations, and they also may be able to strengthen the forces in opposition to apartheid. The initiative for action, however, must come from concerned faculty members and students who are willing to devote time and energy to development of programs in this area. We see it as the role of the University to
encourage, and support financially, programs sponsored by faculty and students who have honest and strong commitments to work in this field. This approach would not be intended to be primarily propagandistic or symbolic and it would not be likely to induce immediate change in southern Africa. Yet the contribution of the University community might help establish the fundamental conditions of change in the long run.

There are several possible areas of activity which concerned members of the University might explore. A few of these are suggested below. The first three offer possibilities for immediate action; the other three are probably more appropriate for longer-range consideration.

1. Programs for expanding the study of race relations in Princeton's course offerings

The Committee has found widespread interest among students for more attention in the existing curriculum to the problems of race relations. This is particularly true among students who hope eventually to deal practically with such problems in the U.S. and abroad. Faculty members in the social sciences and related departments with whom we were in contact also indicated that studies with a world-wide perspective on the question of race relations would have intrinsic academic merit, primarily as a means of opening up a new and extremely important area for comparative analysis.

The easiest way for Princeton to expand its offerings on race relations would be to encourage faculty members in appropriate departments to add readings and lectures to existing courses. Another approach would be to encourage independent work by students on topics dealing with race relations. Both of these methods are being tried to some extent; more faculty members and students should be aware of this option.
Finally, some new courses or seminars dealing with race relations might be instituted. This would be more difficult than adding to existing courses or encouraging independent study. Nevertheless, a number of departments may be interested in establishing new courses. One faculty member in the politics department, for example, suggests that a course of considerable theoretical interest could be established to deal with the problems of heterogeneity in society.

In short, the importance and feasibility of further work in race relations is evident even though the committee is not equipped to itemize all of the possibilities now.

2. Sponsorship of conferences and research on apartheid and racism.

Appropriate professors in the University could be encouraged to organize and direct conferences, not necessarily limited to scholars, to consider and discuss race relations problems. Such conferences could be supported by the Princeton University Conference Office.

The University should also give high priority to a study of the desirability and feasibility of sponsoring research into apartheid, or more generally, race relations. Such research could be related to the present discussion of Afro-American studies and to the work of the Center of International Studies and other research organizations in the University.

3. Exchange programs involving African leaders, scholars, and students

In recent years, students from various parts of Africa have attended Princeton under the ASPAU (undergraduate) and AFGRAD (graduate student) programs. Princeton should attempt to provide more places for African students, particularly those at the graduate level. Under the Parvin Program, several African leaders at mid-career level attend Princeton for a year of study and research. Two have come from Rhodesia and two from South Africa. A strengthening of this program, with
particular emphasis on persons from the countries of southern Africa should be considered. The University should consider inviting more distinguished African professors to Princeton as visiting scholars and teachers. Such arrangements have proven to be quite successful in the past, and could be even more beneficial in the future, because of increasing interest on the campus in African affairs and Afro-American studies.

Many Princeton professors and students have taught and studied in Africa. Some have visited or worked in Rhodesia and South Africa. This kind of involvement -- when it does not imply approval of an immoral system -- creates more awareness of and sensitivity to the aspirations and problems of black students both at home and abroad. A possible next step might be more formal collaboration in research between African and Princeton scholars, as well as an exchange of professors in particular fields.

4. Establishing an institutional relationship with the University of Botswana, Lesotho, and Swaziland

Former British trust territories within South Africa -- Botswana, Lesotho, and Swaziland -- are now independent states, but remain surrounded by and linked economically with South Africa. Prior to granting them independence, the United Kingdom had given these territories a passive kind of protection but little economic aid, leaving them among the poorest and least developed in the world. But they are trying to demonstrate to South Africa and Rhodesia, as well as to the black African nations, that people of different races, cultures, and backgrounds can live together as equals in peace and harmony. They all have a common need: the development of their human, natural, and material resources. The University of Botswana, Lesotho, and Swaziland (UBLS), which has a presence in all three states, potentially may play a strategic role in their development.
Since movement of people between these states and South Africa is mostly unrestricted, black South Africans can and do attend this university which provides for them the only opportunity for higher education free from dominance by the South African government. Students from Rhodesia also are enrolled.

The future of UBLS is uncertain. Without external assistance and effective ties with the academic communities abroad, this institution cannot survive. External support for UBLS would make a strategic contribution to the development and viability of these new states. It would also demonstrate to South Africa and Rhodesia the determination of the outside academic community to support free institutions and human dignity almost within their very borders.

The committee recommends, therefore, that Princeton explore interest among faculty and students in developing some kind of exchange program or institutional relationship with UBLS, preferably in collaboration with other universities in the U.S. and the United Kingdom.

5. Collaboration with other African institutions

In recent years, some American universities have been called upon to help develop departments or institutes in African universities, and to train local staff to replace expatriates. For example, Michigan State University played a leading role in the development of most faculties at the University of Nigeria; New York University built the business administration program at the University of Lagos; and West Virginia has played a leading role in improving the Faculty of Agriculture at Makerere.

There may be possibilities for Princeton's involvement in similar program-building -- perhaps in research centers for economic development, engineering schools, or social science departments, depending, of course, on willingness of faculty and students to devote the necessary time and energy.
6. Programs for the education of refugees from southern Africa

Through a liaison officer or faculty-student committee, contact might be made with organizations that support and help to train South Africans who have fled from or have been forced out of or damaged by the apartheid system. The aim should be to identify candidates qualified for admission to the University, either at the graduate or undergraduate level, and to encourage them to apply for fellowships and scholarships. Among the organizations with whom such contact would be made are the United Nations, the U.S. government (in several departments), church groups, private foundations and corporations.

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