Harvard mulls tobacco divestment because of sales in Third World

By John Yoo
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Concerned with the aggressive sale of cigarettes in the Third World, Harvard University is contemplating an end to its investments in two tobacco companies, Philip Morris and RJR Nabisco.

If Harvard divested, it would be the first institution in the nation to protest tobacco marketing practices in Asia, Africa and Latin America, said law professor Lance N. Liebman, chairman of a university advisory committee on shareholder responsibilities, in an interview last week.

"They are using marketing practices common in the United States a generation ago, like giving out free cigarettes to teenagers, that are not considered ethical now," said Liebman.

Liebman's committee also charges that the two tobacco companies are acting unethically by "not placing on advertisements and packages health warnings similar to those required in Europe and the United States," according to a memorandum released by the advisory committee, which is composed of students, alumni, and faculty.

"Some members of our committee also believe that Harvard, which refuses to own stock in some companies because it does not wish to be associated with particular economic activities (gambling, prostitution), should seriously consider placing the production and sale of cigarettes in that category," the document says.

Officials at New York-based Philip Morris and Atlanta-based RJR Nabisco did not return phone calls last week. In past years, Philip Morris has defended aggressive marketing of its products in the Third World by arguing that there exists no concrete proof of a link between smoking and chronic diseases.

For now, Harvard has limited itself to further study of the issue, said Roderick MacDougall, treasurer of the Harvard Corporation. A corporation committee sent letters in July to RJR Nabisco and Philip Morris seeking more information on their marketing practices, he said.

For the last decade, Harvard president Derek Bok has rejected such divestment as a tool to pressure companies doing business in South Africa. Instead, Bok has favored what is known as constructive engagement – retaining investments and attempting to use them as leverage to bring about reform.

MacDougall reflected the Harvard administration's preference for that kind of policy yesterday, saying, "How . . . can you ever influence tobacco companies by selling their stock?"

News of the university's attention to the issue, first reported by the Harvard Crimson, the student newspaper, has placed some critics of the school in a difficult position. While they join in opposing the aggressive marketing of cigarettes in the Third World, they regard it as far more important to sever the university's financial ties to South Africa – investments they say total $200 million.

"It's just so blatantly hypocritical," said senior Mitchell A. Orenstein, a campus activist. "It demonstrates a value system here that shows that selling cigarettes in the Third World is more important than apartheid in South Africa."

Other activists characterize the move as an attempt to undermine the South African Divestment Movement, which has been active at Harvard for the past decade. "It's a smokescreen to divert attention from the real divestment issue," said senior Michael J. Bonin, a member of the student-run Southern African Solidarity Committee.