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Harvard and CUNY Shedding Stocks in Tobacco

By TAMAR LEWIN

Harvard University and the City University of New York have decided to eliminate stocks of tobacco companies from their investment portfolios, in what may be harbingers of a new tactic to highlight the dangers of smoking.

The action by Harvard was disclosed by President Derek Bok in a letter dated May 18 to three students at the university's public health school. He said Harvard had decided on divestiture in September and completed the stock sale in March.

And on Monday the City University of New York's board of trustees voted 9 to 2 to divest itself of tobacco stock, representing about $3.5 million of the university's $60 million portfolio.

Harold Jacobs, a trustee at City University, said, "We didn't know anything about Harvard doing it, and this was the first meeting where tobacco divestiture appeared on the agenda, but our vice chairman, Edith Everett, argued very persuasively that cigarettes are unhealthy and we should not hold tobacco stock, so we passed it."

Ms. Everett and her husband, Henry, have long been active in opposing the tobacco industry, and they serve on the board of trustees of the Tobacco Divestment Project, a Boston-based non-profit group formed earlier this month.

That group and others working against cigarette smoking say the two universities' moves may be the start of a far more widespread divestitute campaign, including a proposal in the Massachusetts Legislature to require state pension funds to sell their tobacco stocks. By some estimates, more than 60 percent of tobacco stock over all is held by institutional investors, primarily banks, pension funds and insurance companies.

"Harvard and CUNY are the two great victories so far, but this is just the beginning," said Brad Krever, ex-

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Harvard and CUNY Are Shedding All Their Tobacco Investments

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ecutive director of the Tobacco Divestment Project. "We are taking the message to hospitals, universities and state and municipal pension funds: It is immoral to support an industry that kills 400,000 Americans a year."

A spokeswoman for Harvard, Merry Duffy, declined to say which tobacco companies the university had held stock in, or how much stock it had sold, from its total endowment of $4.68 billion.

But Dr. Gregory Connolly, an official at the Massachusetts Department of Health, presented a paper last month at an Australian conference on smoking estimating that Harvard's tobacco portfolio was worth about $25 million in 1987, and would be worth at least twice that in today's market. He said the universities holding the most tobacco stock were Harvard, Rice, the University of Texas, Duke and the University of Rochester.

The stocks of Philip Morris and American Brands are publicly traded. Several other tobacco businesses are the subsidiaries of more broadly based companies, like Brown and Williamson, which is part of BAT Industries.

The tobacco businesses had little reaction to the divestiture news.

Tobacco foes say ethics should override accounting.

"Shareholders may use any number of criteria to decide what stocks to hold, and what can I say about it?" said George Knox, vice president for public affairs at Philip Morris Companies Inc. "I have no comment. I don't know what impact it will have. That will have to play itself out."

Ethical Issues Cited

Mr. Bok said in his letter that Harvard's decision to divest "was motivated by a desire not to be associated as a shareholder with companies engaged in significant sales of products that create a substantial and unjustified risk of harm to other human beings."

He said the decision was based on a review by the university's Advisory Commitee on Shareholder Responsibility, which had written to the tobacco companies in the university's portfolio, asking them to address the ethical issues involving the sale of tobacco and their adherence to World Health Organization guidelines for marketing tobacco products in developing nations.

"In some cases," Mr. Bok said, "this information was not forthcoming; in others, the firms had made considered decisions not to follow the W.H.O. code or challenged the evidence that links smoking and disease."

Others say Harvard's decision to make its divestiture public may be attributable in part to a campaign by Dr. Philip Huang, a 29-year-old student at the Harvard public health school who has been affiliated since his medical school days with Doctors Ought to Care (DOC), a national anti-smoking group with more than 6,500 members in about 150 chapters.

Two Biting Takeoffs

Dr. Huang said the group successfully pressed the American Medical Association several years ago to recommend that medical schools sell their tobacco stock.

To push Harvard to do so, Dr. Huang helped create an advertisement, broadcast this month on the Harvard radio station, chiding Mr. Bok as failing to take a leadership role in tobacco divestiture.

"DOC has initiated a lot of counter-advertising on smoking, like the Emphysema Slims, and the Smoking Is Not Kool jazz festival," said Dr. Huang, referring to the group's takeoffs on the Virginia Slims tennis tournament and the Kool jazz festival.

"We're overjoyed that Harvard is taking a public stand," said Dr. Huang. "That's an important event."

Timothy Smith, executive director of the Interfaith Center for Corporate Responsibility, a New York-based group, said many institutions, particularly churches, did not buy tobacco stocks, considering them and investments in companies with liquor and gambling operations to be "sin stocks."

"Harvard's decision is going to cause a groundswell of re-evaluation by shareholders about the ethics of owning stock in companies that demonstrably cause sickness and death," he said.

Like most large universities, Harvard has had previous experience with student campaigns on its stock holdings. The university has been sharply criticized for making only partial divestiture of its stock in companies doing business in South Africa.

The tobacco industry has been under increasing fire this year on many fronts. In January, Dr. Louis W. Sullivan, the Secretary of Health and Human Services, expressed outrage at the R. J. Reynolds Tobacco Company for "promoting a culture of cancer," in particular in its plans for Uptown, a cigarette aimed primarily at blacks. The company, a subsidiary of RJR Nabisco, subsequently announced that it would drop plans for that brand.

Dr. Sullivan said smoking caused an estimated 390,000 deaths a year in the United States and was "by far the country's leading cause of preventable death."

This spring, because of a ruling by the Securities and Exchange Commission, the tobacco companies were for the first time required to include in their proxies resolutions proposed by shareholders on whether they should leave the tobacco business by the year 2000, and, in Philip Morris's case, another resolution regarding marketing directed at teen-agers. The resolutions did not pass, but like most such shareholder proposals on social issues, Mr. Smith and others say, they will probably be reintroduced each year.

Health Chief Will Urge State Cigarette Curbs

WASHINGTON, May 23 (AP) — Louis W. Sullivan, the Secretary of Health and Human Services, plans to ask states to ban cigarette vending machines and take other action to limit sales to youth, officials said today.

Dr. Sullivan will present his proposal at a Senate Finance Committee hearing Thursday, said the officials, who spoke on the condition of anonymity.

The plan is said to call for restrictions on the placement of cigarette machines so they are not as accessible to young people. Forty-four states and the District of Columbia prohibit the sale of cigarettes to children, but the laws are widely ignored.

A study in The Journal of the American Medical Association this week estimated annual cigarette sales to people under 18 years old at 947 million packs and revenue at $1.23 billion, about 3.3 percent of all tobacco sales. The National Institute on Drug Abuse's survey of high school seniors found that nearly one-fifth of high school seniors smoke daily and one-ninth smoke more than half a pack a day.

On May 16, the Senate Labor and Human Resources Committee approved a $110 million program aimed at encouraging states to enforce laws against the sale of cigarettes to minors. In February the Bush Administration had termed that legislation unnecessary.