

Trustees' divestment review flawed

By GENE DESFOR
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co-chairmen of the York University
Divestment Committee.

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On May 5, the Board of Trustees of York's Pension Fund decided not to divest its holdings in corporations investing in South Africa. The Board refused to divest despite a motion by the All University Pension Committee proposing divestment; a motion which was endorsed by the York University Faculty Association, the York University Staff Association, the Osgoode Faculty Association, the Canadian Union of Education Workers, the York Student Movement Against Apartheid, the Political Science Graduate Students Association, and President Harry Arthurs. Well over 85 percent of the membership of the Pension Plan is represented by the faculty and staff associations.

The Board, while proclaiming its "strong desire to authorize a policy of divestment," based its decision on a review of reports submitted by the Pension Fund's investment managers, and a subsequent legal opinion. The Trustees have a duty to the Pension Fund members to invest their funds in a prudent manner. Before deciding about divestment, the Board wanted to know the financial impacts of this policy on the Pension Fund's performance, a perfectly reasonable bit of information. The reports received from the investment managers, unfortunately, do not provide sufficient analysis or information from which a reasonable decision could have been made. Three points can readily be made that demonstrate the inadequacies of the reports:

□ The reports do not even list the holding that would be affected by divestment. Without such fundamental information how can one possibly know what the impact of divestment would be? As well, the reports mistakenly include the banks as an area of the Pension Fund that would be seriously affected by divestment.

Yet Canadian Chartered Banks are no longer making investments in South Africa and are attempting to recover previous loans. Meanwhile,

the York Divestment Committee has never considered it necessary to sell holding in these banks.

□ The president and managing partner of one of the investment companies councils against divestment in his page and a half letter without any significant analysis. He concludes with the irrelevant and offensive remark that he adopted a black son nearly 20 years ago, demonstrating that he is really okay.

□ The report from Septre Investment Counsel says, "The major difficulty and expense [of divestment] would be in unwinding your [York's] involvement in our Foreign Equities Pool..." This refers to a market valued investment of \$13,406,967 that the Pension Fund has in a corporation called Septre Investment Counsel Foreign Equities. In other words, Septre has concluded that, from its point of view, the major difficulty with York divesting the Pension Fund is the selling of a \$13-million investment in Septre. This is a most obvious conflict of interest!

'The Board of Trustees is not acting reasonably and is not protecting the interests of the pension fund members.'

We believe that the reports submitted by the investment managers are inadequate on which to base a decision about a policy as important as divestment. For the Board of Trustees to use such unsatisfactory reports as the basis for their decision indicates they are not acting reasonably and are not protecting the interests of the pension fund members.

We would like to emphasize that the Divestment Committee believes that proper investment of the Pension Fund is absolutely necessary. It is our belief that divestment will result in the Pension Fund performing at least as well as it would have while including South African linked corporations. American studies have demonstrated that the South African free portfolios have yielded results at least as good as the unconstrained ones. A study done over a 10-year period, by R. Zevin, the vice-president of the US Trust Company, shows that a socially responsible

investment policy of no holdings in South African linked corporations provides yields which are as high as those achieved when portfolios are unconstrained.

The work done by the Divestment Committee has revealed another aspect of the Pension Fund of Trustees that we believe must be changed: the Board has no "standing rules." The Divestment Committee requested that its observers be allowed to attend the May 5 meeting so as to better understand the reasoning of the Board and to avoid the unsatisfactory communications which followed the previous meeting. The Chairperson of the Board refused this request. While attempting to determine the basis for the denial of this request, it became apparent that the Board has no "standing rules" or operating procedures. That is, the operating procedures of Board meetings are left to the whim of the Chair.

It seems that he/she decides when meetings are called, who is permitted to attend, which motions are recognized and voted upon, what constitutes a necessary margin for passage of a motion, as well as all the other standard rules of deliberative bodies. It was reported to us that the Chair even refused to recognize a motion that was introduced by a Trustee. This is totally unacceptable! We call on the Board to rectify this problem immediately.

Meanwhile in South Africa the emergency decree continues and people continue to be killed. The Eminent Persons Group reported in early June that "while the [South African] Government claims to be ready to negotiate fundamental change, not to countenance the creation of genuine democratic structures, not to face the prospect of the end of white domination and white power in the foreseeable future."

The report concludes that the absence of economic sanctions and the South African Government's belief that they need not fear sanctions deters meaningful change. Economic sanctions may be the last opportunity to avert the worst bloodbath since World War II.

In August the Commonwealth countries will meet to reconsider imposing economic sanctions and here at York, we are continuing our struggle to free the Pension Fund from corporations that support the criminal apartheid system.



Reya Ali

I had a number of qualms about writing an article about a discussion paper which is supposed to be confidential. However, one must note that the Gilmor paper, a first draft looking into the nature and funding of

York student government, is probably the most circulated confidential document on campus, and one which has received no formal notice of confidentiality. But because of the significance that this document holds for the future of York, I feel compelled to make a few points.

The paper, prepared by the Provost of the University of Guelph, is highly commendable in the stand it takes, recognizing the necessity of changes in the underpinnings of student government at York. Its very audacity in bringing a change to what can be termed a medieval system, shall bring upon it the wrath of many of the vested interests of the system who for their own reasons shall seek to stifle the recommendations of the paper. The discussion paper establishes four major characteristics which student government at York should implement:

- the necessity for a separation of roles of the graduate and undergraduate governments is formally recognized by Gilmor. This separation, which has not previously existed, is in keeping with a standard format of the university system in Ontario and the division of the Faculties at York.
- Gilmor believes that the academic heart (and organizational lines) of the university lie in its faculties, not in the colleges. Further, if students are going to be able to organize effectively and have an impact on the allocation of resources, the University Academic Plan, the development of their programs, and on the evaluation of their professors, it will be done in terms of their discipline, which is logical in the context of York being a multiversity. The Colleges of York, whatever their merits, are not the academic heart of the University.
- There is recognition in the report of the necessity for a strong central student government, a body capable of speaking authoritatively on behalf of all undergraduate students without the divisiveness that accompanies the present system. There needs to be a body that can act as an advocate, and a watchdog without having to constantly worry about its source of funds or upsetting college councils who take no part in the political concerns of a central government. In a university characterized by decentralization, there is the necessity for a strong central government.
- The report recommends moving toward an activity fee system so that students are aware of the amount of money they are paying into their student government. There is also the motivational aspect that student governments must seek to get in touch with their constituencies if they expect to be able to sustain themselves. They will need to mobilize 25 percent of their constituency, through referenda, in order to raise fees. This means that councils will have to concentrate on the long-neglected commuter students.

The two most controversial of Gilmor's recommendations are those regarding the realignment of student government along faculty lines and the centralization of the whole political system. The new faculty-based governments will be

inextricably linked together by common membership in the Council of the York Student Federation (CYSF) alongside with three representatives from the non-faculty colleges. This should be relatively easy to do as all of the faculties presently have groupings within them that are organized but not funded. Many have been pleading for years for recognition but have been deterred by the preponderance of the college councils' claims to be the only legitimate government (and the consequent neglect of the majority of students at York). Organizations such as the Faculty of Education Students Association, the Creative Arts Board, and the Undergraduate Business Council lack the monies to function properly while at every other university in the province, they are governments in their own right. They will also be fairly simple to peel away from the College system.

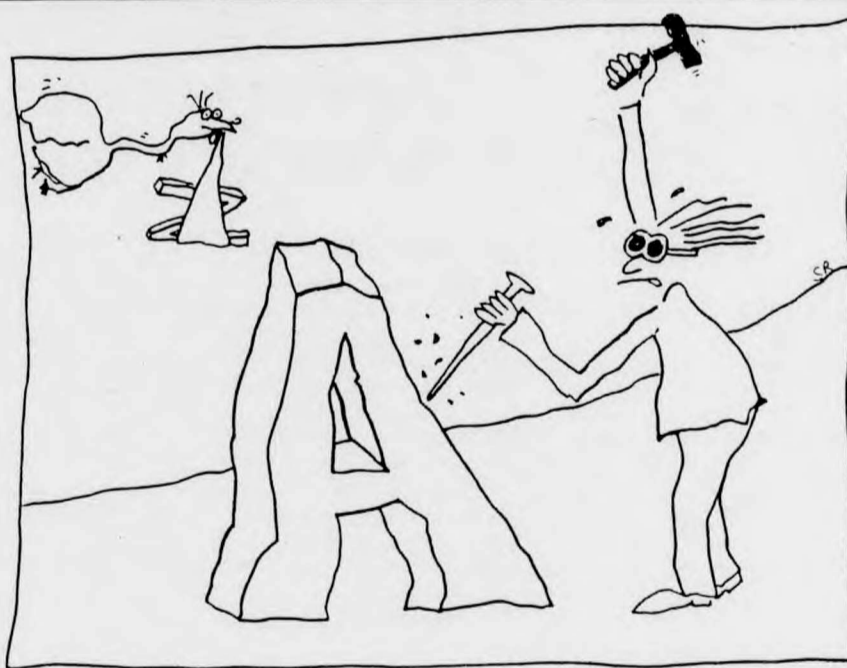
The benefits of organizing student government along faculty lines are many. The ability of the students at York to organize, socialize and participate in the decision-making at York shall increase. They shall have the finances with which to develop an *esprit de corps* in their areas and the long neglected commuters could begin to be reached through the organization of a system of discipline and perhaps class representation at the Faculty level.

It is also clear that the CYSF and the Graduate Students Association (GSA) are beneficiaries in this manner. The underfunded and resource plagued central undergraduate union shall have its finances, organization and mandate clarified and strengthened. It stands to become an effective central government alongside its counterparts at Western, Queens, U of T and Ryerson, if the present executive is willing to stand up and act on this matter. CYSF may, if it acts, develop a research and services arm, coordinate and publish academic evaluations for the undergraduate faculties at York, and become the central forum for the students at York.

CYSF shall be able to represent all York undergraduate students externally and back up its lobbying efforts with the necessary legal and technical expertise. It will be able to carry out more effective campus-wide social events with the necessary monies. CYSF will also be able to support the ethnic, religious and athletic clubs on the campus without those clubs having to go begging from college to college with results that are often not worth the time and effort.

The new composition of the CYSF Board of Directors will make sure that every faculty from Arts to Osgoode participates in the formation of the policies that affect the qualities of student life. If the "monies without encumbrance" recommendation is adopted, CYSF would receive their grant money from students directly without it going to the colleges first, as it does at present. No longer will students ask, "Why can't I vote? I am a York student."

If CYSF does not grasp this opportunity to strengthen itself, this opportunity which would allow it to speak to its sister universities on an equal basis, this opportunity which would unite the campus, then it shall fail as a central government.



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