

**Case Study Brief**  
**University of Michigan**  
**Divestment from Tobacco Stocks**

**Public university located in Ann Arbor, Michigan**

**Enrollment:** 24,472 undergraduates

**Type/Category:** Tobacco Divestment

**Program and Background:** In June 2000, the University of Michigan Board of Regents voted to divest from the University's stock holdings in tobacco manufacturing companies. The campaign to divest began in the late 1990s when a faculty member on the executive committee of the University of Michigan Faculty Senate Assembly raised the issue. The executive committee subsequently released a report that spurred a recommendation to divest by the Faculty Senate. This resolution was supported by the University of Michigan Student Assembly. Other student organizations and members of the college community also opposed the University's tobacco stock holdings.

As divestment became an increasingly debated topic across campus, University President Lee Bollinger ordered the formation of the Ad Hoc Advisory Committee on Tobacco Investments in September 1999 to explore the University of Michigan's tobacco investments more carefully.

A six-month investigation by the Committee on Tobacco Investments focused on two major questions:

1. What features differentiate tobacco industry products and activities from those of other industries, warranting divestment from tobacco stocks?
2. Does investment in tobacco company stock represent such a contradiction to the University's mission that divestment is ethically necessary?

Other issues taken into account by the Committee included:

- ◆ Whether divestment from tobacco would result in a "slippery slope" of divesting from other companies or industries whose business ethics could be called into question
- ◆ How the Michigan State Legislature might respond to divestment by a state institution
- ◆ Whether University policy dictated that investments be based solely on financial factors. Notably, a precedent for divestment on moral and ethical grounds had been set in 1978 when the Board of Regents voted to divest from companies operating in South Africa, as a means of opposing apartheid.

The Committee on Tobacco Investments received over 200 emails regarding tobacco divestment. In numerous public and electronic forums the community response was overwhelmingly in favor of divestment. The State Legislature also indicated that they would not oppose divestment.

The Committee concluded that divestment was warranted based on the following factors that were in direct contrast to the University's educational mission:

- ◆ The public health threat posed by tobacco products
- ◆ The dishonest actions of the tobacco companies who knowingly deceive the public about the health risks associated with tobacco use
- ◆ The tobacco industry's tradition of targeting youth consumers

**Results:** The University of Michigan Board of Regents voted in favor of divestment, which took place over a period of ten months. The university divested from a list of companies compiled by The Investor Responsibility Research Center, a non-profit organization that provides investment information. The University of Michigan was among the first major public universities to divest from tobacco stocks.

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