STANFORD COMMITTEE FOR RESPONSIBLE INVESTMENT POLICY
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FOR IMMEDIATE RELEASE

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STANFORD PROTEST SET

A two-day vigil, a political rally, and a hunger strike have been set by Stanford students to protest the Stanford trustees' abstention on proxy resolutions concerning U.S. corporate activity in South Africa.

Members of the Stanford Committee for Responsible Investment Policy (SCRIP), which supports a "yes" vote on the shareholder resolutions, are calling for students, faculty and staff to gather at the center of campus at noon on Monday, May 2, and remain there through two nights until the morning of May 4.

A rally at noon on Tuesday, May 3, is expected to draw additional members of the Stanford communtity to White Plaza, the vigil site. Many of the protesters will participate in a hunger strike in order to further demonstrate their concern over the announced intentions of the Stanford trustees.

The trustees have decided to neither support nor vote against shareholder resolutions that would require seven companies included in the Stanford investment portfolio to limit or halt the operations of their South African subsidiaries.

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ABSTENTION IS NOT ENOUGH!

Where do the Trustees stand?

The Trustees have decided to abstain on these resolutions. They use two arguments against U.S. corporations withdrawing from South Africa.

First, they claim that U.S. corporations play a progressive role in South Africa. But Desaix B. Meyers, author of a recent report for IRRC (Investor Responsibility Research Center-- a group Stanford pays to do research on investor issues), concludes that "the bulk of American companies doing business in South Africa probably are no more innovative than South African or British or other foreign businesses." The U.S. corporate presence in South Africa has not stopped the gap between black and white wage levels from growing. In fact, the continual deterioration of the economic and political position of the black majority in South Africa over the last few years-- a time of ever increasing U.S. investment-- shows how tenuous the link between social progress and U.S. corporations is.

The administration also contends that if U.S. corporations leave, even more exploitative owners will take their place. There are a number of problems with this arguement. First, Stanford's own experts point out that the other foreign and domestic firms in South Africa are no worse than U.S. ones. Second, South Africa is in a recession now and not a good investment. Third, fear of worse exploiters doesn't excuse continued support for the apartheid system. And finally, if the U.S. pulls out who is going to want to risk going in? The end will be in sight. The U.S. corporations bring in trade, technology, and new capital. Their departure would be a heavy blow to the white regime.

DESPITE massive police repression, there has always been strong resistance to the apartheid regime. Here, blacks give the "thumbs up" sign of the African Congress. The recent Soweto uprising and general strike mark a new phase in the struggle for majority rule.

LATE FLASHES!!!!

The trustees have almost agreed to re-open the issue of the South African proxy resolution votes. SCRIP has collected over 1,500 signitures urging a yes vote on the resolutions. Even the ASSU Senate and the new COP have called for yes votes. On the 26th and 27th of April 3 more votes fall due. Watch what Stanford does to see if they listen to the students, faculty, and staff.

General Motors has agreed to halt future expansion in South Africa until apartheid is ended. This is a major victory and proof that change can and will come.

Collapse in South Africa?

South Africa is a complex industrial nation, but its economy is not inherently stable. Because of high military and police costs (up 21% since the Soweto uprising to $2 billion) and a foreign trade deficit, it needs a continual influx of foreign capital.

The white minority will not grant basic rights to the black majority. Prime Minister Vorster states that: "The white man's position is not negotiable." This means war is inevitable. If U.S corporations continue to supply capital and technical expertise to South Africa they will be directly supporting the white minority and helping to perpetuate the apartheid system from which they clearly profit. If Stanford maintains its heavy investments in these companies, the same will be true of Stanford. Many Stanford community members feel that the University should vote in favor of the resolutions mandating withdrawal, and if the resolutions fail, that Stanford ought to divest itself of stock in these companies. Stanford should not profit from the subjugation of black and asian South Africans.

Investment aids apartheid

Gray, Jennings

(This is part one of a two-part column on University investment responsibility.)

How would you feel to know that the quality of your Stanford education is being enhanced by the blood, sweat and tears—literally—of the super-exploited black majority in South Africa?

We believe this is the case; the trustees—at least as indicated by their actions—feel otherwise.

When Peter Bing, president of the Board of Trustees, spoke to 125 protesters last Tuesday, he agreed that the whole Stanford community finds South African apartheid abhorrent. Yet, the University is deeply embroiled in South Africa, owning nearly 900,000 shares, worth more than $41 million, in nine companies that have significant investments in South Africa.

The University has been presented with an opportunity through stockholder resolutions, to have these nine companies either withdraw from South Africa or stop any further investment. The board, however, has relinquished this opportunity by abstaining on the University's proxy votes for all these resolutions.

In order to vote yes on a proxy, three criteria must be met. The undesirable acts or effects of the company must be substantial; substantial consensus exists in the community on the undesirability of the acts or effects in question; and the economic costs to the University of taking action are commensurate with the probable effects of that action.

In today's article, we shall deal with the first of these criteria: the acts and effects of the company. Tomorrow we will go on to discuss the question of consensus within the community and how we feel the University should deal with its South African investments.

Bing has stated that the trustees decided to abstain on the proxy votes because they believed U.S. corporations can and do play a progressive role in South Africa, and therefore should not pull out. However, the University's own sources contradict this claim.

The Investor Responsibility Research Center, Inc., which is funded by the University and other institutional investors, has done extensive research on the U.S. business role in South Africa. The center concludes in its report that "...the bulk of American companies doing business in South Africa probably are no more innovative than South African or British or other foreign business."

The author of this report, Desaix Meyers, was flown out from the East Coast by the University to participate in investment forums here. Meyers was told by David Jackson, executive director of the Institute of Personal Management, that American companies generally are no more progressive than indigenous South African companies. Finally, Charles St. Thomas, an American management consultant, found in his survey that there is "little difference between American managers and their South African counterparts."

Even if it were true that American companies were trying to improve conditions for the blacks in South Africa, present trends would demonstrate the utter failure of their efforts.

Wage gap

The wage gap between blacks and whites is widening; the "resettlement" program is accelerating; police power is being employed more and more repressively. Meanwhile, American investment continues to grow.

American involvement represents 16 per cent of all private investment in South Africa. The total investment of 350 U.S. subsidiaries adds up to $1.5 billion. U.S. banks recently loaned $2 billion, in part to protect earlier loans and U.S. companies already in South Africa, and in part to provide direct aid to the racist Vorster regime.

Opponents to American corporate withdrawal claim that such action would not affect South Africa or that it might even strengthen it. Why then does South Africa offer special terms to foreign capital? Why does the South African government advertise for U.S. investment? Indeed, why was one of the first responses to the Soweto uprising last June, according to the **New York Times**, a "new multimillion dollar public relations effort overseas—particularly in the United States"?

Investment needed

The answer should be clear. South Africa's developed industrial economy needs continual foreign investment for a number of reasons, not the least of which is to provide revenue for the massive military/police budget which was just boosted 21 per cent to $2 billion.

Investment is also needed to compensate for a poor balance of payments (a 400 million deficit with the U.S. in 1974). Finally, South Africa needs American technology for such things as police computers (IBM), self-sufficient oil refining capacity (Caltex), and communication hardware (GE).

Thus, it becomes clear that conditions for blacks are deteriorating in South Africa, that American companies are doing little to counteract this decline, and that American support is crucial to the maintainence of apartheid. Given the overwhelming evidence supporting these propositions, the sincerity of the University's claim that it opposes American withdrawl from South Africa in order to promote progress in that country must be seriously questioned.

(Chris Gray and Mike Jennings are members of the Stanford Coalition for a Responsible Investment Policy.)

(This is part two of a two-part column on University investment responsibility.)

In yesterday's article, on the University's investment policy, we dealt with the first of the three criteria which are used to determine how the University should vote on shareholder resolutions. We demonstrated how there can be no doubt that "the undesirable acts or effect of the company are substantial" when one is considering American corporate presence in South Africa.

The second criteria mandates that before the University can support a shareholder resolution, "substantial consensus exists in the community on the undesirability of the acts or effects in question." By voting to abstain on all the shareholder resolutions calling for non-expansion or withdrawal of American companies from South Africa, the trustees apparently decided consensus in support of the resolutions did not exist here. Like their conclusion on the first criteria, we must here again seriously question the trustees' judgment.

Proxy votes for shareholder resolutions are processed by an elaborate system. First an advisory committee makes recommendations to Robert Augsburger, vice president for business and finance. Augsburger in turn makes recommendations to the trustees. The trustees then make the actual decision.

The inadequacy of this system in determining any of the three criteria, but especially the one calling for a consensus, can be seen in the case of the J.P. Stevens shareholder resolution that came up last quarter. Despite the advisory committee's recommendation that the University vote yes on the resolution, and the demonstration through

Support stock resolutions

Gray, Jennings

In editing the latter part of our article on University corporate investment responsibility (Daily, April 22) "for brevity, clarity and style," apparently the exigencies of space took precedence over the other two desideratum, resulting not only in less clarity and poorer style, but in the omission of some crucial content.

These omissions made our contentions appear nonsensical. The article as it appeared, for example, promised to make an argument for divestiture, but then it never delivered on the promise, for the argument itself had been cut out.

We would like, therefore, to restate—this time without the deletions—and take the occasion to expand our three distinct arguments advocating that the University vote in favor of the shareholder resolutions calling for non-expansion or withdrawal from South Africa, and that the University divest itself of its stock in these companies if the resolutions fail to pass.

The first, more moderate argument is that the University's actions in themselves could never force these companies to withdraw from South Africa. Voting for the resolutions is just a way to get these corporations to take some serious steps in liberalizing their practices in South Africa.

Re-examine involvement

Divestiture would be especially effective in forcing the companies to re-examine their involvement in South Africa because a divestment by the University on moral grounds would have a real (if slight) effect on the market standing of even gigantic firms like General Electric and General Motors. Divestiture would be a statement in the only terms these corporations understand—money.

The second, probably more far-sighted argument, recognizes that mere reform is no longer possible or adequate in South Africa. Events are moving too quickly. The white minority rule in Rhodesia is collapsing.

In France, South Africa's major arms supplier, there is a strong possibility that the left will come to power next year and halt armament shipments to the Vorster regime, thus cutting deeply into South Africa's military muscle.

In every other major foreign investor nation, there are strong anti-apartheid movements that are growing every day. Around the world, concerned people who previously despaired at changing the abhorrent apartheid system, now draw hope and inspiration from the South African blacks themselves, who, beginning with last summer's uprisings, have begun to throw off their own shackles.

Blacks' stand

And what do the South African blacks themselves say about foreign investment? Almost universally they call for ending it. They know that the only way they shall ever achieve long-range liberation is by accepting the temporary suffering that will result from the withdrawal of foreign investments.

For every liberalizing step forward the blacks have seen five backward in the last few years. The South African government is pushing forward to drive another four million blacks and coloreds out of the cities onto the desolate Bantustans in what will be the greatest forced migration in peacetime.

The Vorster regime has recently boosted its military/police budget by 21 per cent. It is preparing to fight rather than sacrifice a standard of living for the whites, which, built on the backs of the blacks, is one of the highest in the world.

This leads us to our final argument, the moral argument. Until recently the return on U.S. investment has been higher in South Africa than in most developing and many developed countries, and the size of U.S. investment there has grown steadily over the last two decades.

Blood money

The University is in fact directly investing in South Africa through these companies. The return on that investment is undeniably enhanced by the fact that the black population of South Africa is virtual slave labor. This is blood money and, every other argument aside, we should have none of it.

Lest this sound like mere rhetoric, it should not be forgotten that everyday life—and death—is a nightmare for the blacks in South Africa. Statistics can only begin to convey the full picture. The whites, making up less than 20 per cent of the population, own 87 per cent of the land.

Over a thousand blacks are arrested each day and fined a month's wages for pass book violatons. Since June, over 500 blacks have been shot down in the streets. Six thousand blacks have been arrested. At least 18 have died in prison—Amnesty International says they were tortured to death. Infant mortality among blacks is almost 50 per cent.

For us, these and other unspeakable horrors of the most virulently racist society on earth demand serious action. This University's money is giving direct support to the racist—many would say downright fascist—regime in South Africa. The very least the University could do is support the shareholder resolutions calling for withdrawal from South Africa and divest its stock in those companies that fail to withdraw.

(Chris Gray and Mike Jennings are members of the Stanford Coalition for Responsible Investment Policy.)

Organizations and groups supporting the call for affirmative votes on the various South African non-expansion and withdrawal proxy resolutions and for a meeting between the Investments Committee of the Board of Trustees and members of the Stanford Community:

ASSU Council of Presidents
ASSU Senate
Stanford Organizing Committee (SOC)
- Black Student Union
- MEChA
- Asian American Student Association
- Half the Sky (Women's Coalition)
- Hillel
- Coalition Against Racism
- Stanford Committee for Responsible Investment Policy (SCRIP)
- Stanford Committee for Justice at J.P. Stevens
- Alliance for Radical Change
- ✓ Stanford Committee Against the Baake Decision (SCABD)
- Stanford Committee on Battered Women
- URPE
- Stanford UFW Support Committee
- Gay People's Union
- Columbae House
- Student Coalition Against Racism (SCAR)

United Stanford Employees (USE)

Law School Civil Rights Research Council

Against the Grain

Black Caucus (BLACK CAUCUS)

Synergy House (SYNERGY HOUSE)