

# SENIORS: VOTE YES!

SUN · MON · TUES · DECEMBER 11 · 12 · 13

## KEEP OUR MONEY OUT OF SOUTH AFRICA

We, the class of 1984, control our share of the Yale endowment.

Do you want your donations invested in apartheid? The Coalition Against Apartheid has prepared this pamphlet to explain why our Quarter Century Fund should be South Africa-free.

FOR MORE, COME HEAR DENNIS BRUTUS,  
SOUTH AFRICAN EXILE, TALK ABOUT DIVESTMENT.  
3PM FRI. DEC. 9 ART GALLERY LECTURE HALL

# YES FOR YALE - NO TO APARTHEID!

## WHAT ARE U.S. INVESTORS DOING ABOUT THE PROBLEM?

U.S. investors have forced some companies to follow the Sullivan Principles, written in 1976, under which employers pledge to follow certain ethical practices. But this hardly solves the problem. Desegregating toilets & lockerrooms, or even paying higher wages, does not help bring an end to apartheid. For every privileged employee of a U.S. company, there are another 500 other blacks whom that company is helping to put down.

Investors vote on shareholder resolutions. At the most, these receive some 10% of the votes, and cannot actually "win". They have little if any effect on management.

## WHAT SHOULD INVESTORS BE DOING?

There is no solution other than for investors to sell all their shares, and to invest in other companies. Economically, this will lead companies to avoid S.A., forcing the government to choose between apartheid and foreign investment.

Only withdrawal can fully say that we will not be partners in apartheid. To remain, and occasionally complain, has proved to be a waste of time. It has bolstered the S.A. government, thus delaying and hurting prospects for peaceful change.

Many institutions have gone through divestments, so that it is no longer an unfamiliar process. Managing a S.A.-free portfolio is riskier, but not necessarily less profitable, than including those companies.

## WHAT IS YALE'S POSITION?

Yale deals with companies on a one-by-one basis, writing letters and voting on shareholder resolutions. To date, this has not resulted in divestment from one single company, even those which have not complied with the Sullivan Principles or have kept close connections with the military.

This policy is extremely ineffectual and even counter-productive, since it suggests that investing in S.A. is fundamentally acceptable. A blanket ban on holdings in S.A. more accurately reflects the truth: any investment in S.A. causes harm, not because of the company itself, but because of the laws which govern that country.

## WHY WON'T YALE DIVEST COMPLETELY?

Yale currently has \$217 million in 69 S.A.-related companies, about 22% of its total portfolio. Yet it refuses to transfer this money into its non-S.A. stocks, or make other investments. Why? They tell us:

--"It would cost too much to sell, in brokerage fees and poorly-timed sales." If accomplished over time, there need be no significant price effect. Fees might be slightly above normal, insignificant given their importance.

## WHY FOCUS ON SOUTH AFRICA?

Many countries are unjust, but South Africa is unique. The white minority, 17% of the population, holds all political and economic power. Through apartheid, a legal system of discrimination by race, the S.A. government deliberately and legally withholds most social, political, and economic rights from the majority of the population. This system is upheld with constant and brutal repression of the country's 25 million blacks. And the government invites foreign companies to participate, offering high profits in exchange for investment and cooperation.

South Africa is unique because no company can work without contributing towards active harm to the majority of the population. By bringing in capital, offering jobs, paying taxes, and producing goods, it helps the government maintain its repression. For this reason, speaking against foreign investment in S.A. is treason, punishable by 5 years in jail to a maximum penalty of death.

## HOW DO U.S. COMPANIES SUPPORT APARTHEID?

Foreign companies doing business in S.A. bring in vitally needed capital and technology. Many have been advised to form their own commando units that will act as extensions of the S.A. military in times of civil unrest. The companies do not get to choose where and to whom they sell their products: the S.A. government controls all aspects of their operations, often forcing them to sell directly or indirectly to the military. The "Official Secrets Act" forbids certain firms from disclosing, even to their parent companies, much information about their trade with the government.

Americans have a large role in many sectors. In some cases, they are irreplaceable. In others, they merely contribute to lowering costs and facilitating the work of the S.A. government.

The government points to investment as an indication of international acceptance. They campaign actively around the world for investments. When they go up, it's front page news: a victory for the regime. When they fall, it's a failure. They cannot afford to be excluded and condemned by the economic powers of the world. Until our companies actually leave, they will not understand that apartheid is totally unacceptable and that we will not support it.

About 350 U.S. firms have investments in S.A. This includes about 135 of the Fortune 500 largest companies. About 100 banks have outstanding loans. U.S. capital accounts for about 1/4 of foreign investment in South Africa.

--"We can't afford to alienate these businessmen: they're our biggest donors." Do we really need to beg for their money by doing what we believe is wrong? Yale survives, and attracts support, through its integrity and strength -- not through compromising its moral principles.

--"Divestment is silly. Someone else just buys your stock." Yale is not the world's only ethical investor. We are participating in a broadly-based international movement to withdraw from S.A. Anyone familiar with stock markets is aware that investor confidence is important in stock prices. Very few leading investors are needed to influence that confidence. The point is to lead investors away from these companies, to depress their value because of their involvement with S.A. This, in turn, will lead companies away from S.A., to avoid this stigma.

When this has gone far enough, the S.A. government will be faced with a clear choice: dismantle apartheid, or try to survive with less foreign investment. Eventually, apartheid will fall.

--"We speak louder as owners than non-owners. Why sell our right to speak out?" which is like arguing that Jefferson Davis was in a better position to reform slavery than a Northern abolitionist. As "owners" of these companies, our voice has been muffled by our own economic stake, and consistently ignored by company management. It's time to make our voice heard: we will not invest in apartheid.

#### AS YALE STUDENTS, WHAT CAN WE DO?

As Seniors, we have control over the 1984 Quarter Century Fund. We can choose to invest this outside of South Africa. It's a necessary step: for Yale, and against apartheid.

#### VOTE IN THE REFERENDUM ON THE QUARTER CENTURY FUND

SUNDAY, MONDAY, AND TUESDAY, DECEMBER 11, 12 AND 13.  
IN YOUR DINING HALL, 5:00 TO 7:00 PM, OR IN YALE  
STATION MONDAY AND TUESDAY 10:30 AM TO 3:00 PM.

The referendum is sponsored by the Quarter Century Fund (Barry Kupferberg, Chairman) and the Yale Alumni Fund.

For more information contact the Coalition Against Apartheid, 6763 Yale Station, or come to our meetings Wednesdays at 8:00 in Dwight Hall, room 11.