Arousing MIT to proxy responsibility

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The underlying assumption is that if MIT sells its holdings in a major company, it probably will not affect the company or other stockholders. Will, for example, the Amoco Oil Corporation review its business dealings in South Africa because one of its 95 institutional stockholders (who collectively control only 25 million of its 450 million shares) divested its stock? Even the collective holdings of all universities probably would not represent a significant fraction of a company's stock.

Furthermore, do those advocating stock liquidation realize what might really happen or overrule? When you liquidate stock, you are not "dissolving" it, you are selling it to someone else. In the case of a large block of stock, like that which MIT owns, you are most likely selling it to scores of smaller institutions, or individuals who already are buying the stock for growing dividends and capital appreciation. When you sell, even if you do it cooperatively, they are also buying a company to cancel their profitable enterprises in South Africa?

The alternative attack is proxies. As a stockholder, MIT can vote on (and even propose) issues of a company's business that come before all shareholders on an annual basis for their approval. Along with the corporate boards (and courts) can discipline the policy of the corporation, they may create no more than a public display of disapproval for the South African government, but a shareholder majority demands action.

Admittedly, the significance of such a public show of contempt should not be belittled. It is important because it is a signal to the company and the government of South Africa that MIT stockholders abhor the oppression of apartheid. Furthermore, it signifies a solidarity with those of apartheid. More importantly, community abhors the oppression of South Africa that the South African government, that Mobiis, and Standard Oil of California cut oil sales to South Africa (to prevent supposed resale to Rhodesia) and divested its stock?

Student representatives to the ACSR, Chris DeMarco '79 and Dan Salzman '84, were consistentlv outvoted by the four other members of the committee. Even when the ACSR made favorable recommendations, they were frequently bypassed or overruled by the Corporation Executive Committee.

The supposition, that the MIT Corporation would be a responsible stockholder now seems more remote than the hopes of divestments in a few years. On the other hand, if the Corporation could not bring itself to vote for its own policies, cannot it expect it to vote for the stock?

In a time of dwindling research funding, tight MIT budgets, and relatively poor investment return, dividends not involving millions of dollars of investment funds can be a serious problem for portfolio managers. Furthermore, some stock represents alumni and institution gifts, the sale of which might cause MIT embarrassment and impinge on future gifts.

Given its stated objectives, the hard-line approach President Bod has initiated, and the conservative attitude of the MIT Corporation Executive Committee, the chances for successful divestment are dimming.

Ironically, in calling for divestment, the MIT-Wellesley Coalition and organizations like it, while meeting with localized success, have triggered a defensive reaction from portfolio managers. For the short term, at least, their energies would seem most wisely used in quiet and private influence upstream proxies. It is true that stockholders often divest companies at a profit. If the companies have upcoming stockholder meetings and will be considering resolutions to alter trade with South Africa: April 23, Union Carbide; May 1, Standard Oil of California; May 3, Mobil; May 16, Ford Motor Co.; May 17, Exxon; and May 25, General Motors.

I have mentioned the insensitivity of this action in closing down the band before their last number. What worries me more is the total lack of common sense which has been a trademark of MIT Campus Patrol in recent weeks.

I have always held the impression that the job of campus patrol was one of keeping order while maintaining a low profile. You could hardly call closing down a band in the middle of their act keeping a low profile. The officers in attendance opened themselves to justifiable abuse, and were saved (if what might have become a riot by two things, 1) band did not wait long enough before packing up for fear of CP retaliation and 2) the crowd placed the blame on Ed Singh. So, in Ed's case, the blame did not lie. If these two things had not happened, and the students realized the CPs were to blame, a violent incident could have occurred.

In response to the inequitable action of the Campus Patrol, I am assured that Dormcon will do everything in its power to uphold the importance of the CPs not just as a symbol of MIT's commitment to not bring itself to vote for these upcoming proxy questions. It is not enough to express impatience and call upon the boards of Exxon Corporation would be a responsible stockholder now seems more remote than the hopes of divestments in a few years. On the other hand, if the Corporation could not bring itself to vote for its own policies, cannot it expect it to vote for the stock?

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