oregon daily emerald

Vol. 80, No. 162 | Eugene, Oregon 97403 | Friday, June 1, 1979

Over divestiture

Myers favors prudence rule

By DANA TIMS
Of the Emerald

SALEM — Investments of state funds are not currently, nor should they be, socially or politically motivated, State Treasurer Clay Myers told the Senate Aging and Minority Affairs Committee Thursday.

Myers defended the "Prudent Person Rule" of investment while testifying on SB 957, which would require the divestiture of state stocks held in companies that discriminate on the basis of race, sex or color.

The "Prudent Person Rule," sacred to the investment community, stipulates that economic considerations shall be the sole determinant of investment policy. Myers told committee members that implementation of the bill would supplant that rule, causing severe ramifications.

"Senate Bill 957 would make a serious change in the investment policy of the state of Oregon," Myers said. He added that existing investment policies, initiated in 1963, have worked well in recent years.

"A prudent investor dealing in large sums must have diversification by business sectors," Myers explained. "Major corporations within these sectors, generally the leaders, are most profitable, sound and the best investment."

The focus of the bill originally was all companies that discriminate by policy. But at the hearing, Sen. Jan Wyers, D-Portland, chairer of the committee and sponsor of the bill, declared that the intent was to prohibit investments of state funds in corporations operating in South Africa.

The change didn't suit Myers, who responded that 6,000 American companies currently do business in South Africa, more than three times the number listed on The New York Stock Exchange.

Myers observed that stocks and trust funds held in businesses operating in South Africa yield a return of 13 to 15 percent, somewhat higher than domestic returns. He said this made those corporations all the more attractive.

If the bill passes, he predicted, more than $3 billion in state investments would have to be reviewed. At least half of that, most of it in trust and common stocks, would be directly affected.

The bulk of state funds currently invested in such companies comes from the Public Employees Retirement System (PERS) and Workers' Compensation Funds. Myers said that the 130,000 public employees who hold the stocks would have to absorb any losses precipitated by divestiture.

Roger Meier, chairer of the Oregon Investment Council, the state body responsible for investing public funds through the use of private money managers, also defended the "Prudent Person Rule," saying it should take precedence over non-discrimination clauses for investment purposes.

"To include considerations other than percent-of-return might make it impossible to select a money manager," Meier stated. "There would be no way to evaluate his performance."

He said that Oregon investments yielded 10 percent last year, and asked Wyers, "How many people do you know who did that?"

"I don't know," Wyers answered. "But I do know how I feel when I wake up in the morning and I don't have to be a money manager to know that."

Wyers earlier had said the rule was "morally and politically blind" and could justify investment in a business making "lampshades from the skins of blacks in South Africa — as long as it was yielding a high return."

Legislative Counsel Kathleen Beaufait said the bill would not give rise to a cause of legal action against third parties who loan money to businesses participating in systematic discrimination.

She maintained that divestiture of such stocks is possible and suggested that a "Prudent Divestor Rule" might be appropriate. Wyers had promised final action on the bill at the beginning of the hearing but adjourned it early, saying he was due in Portland. Another hearing was scheduled for Monday at 8 a.m.

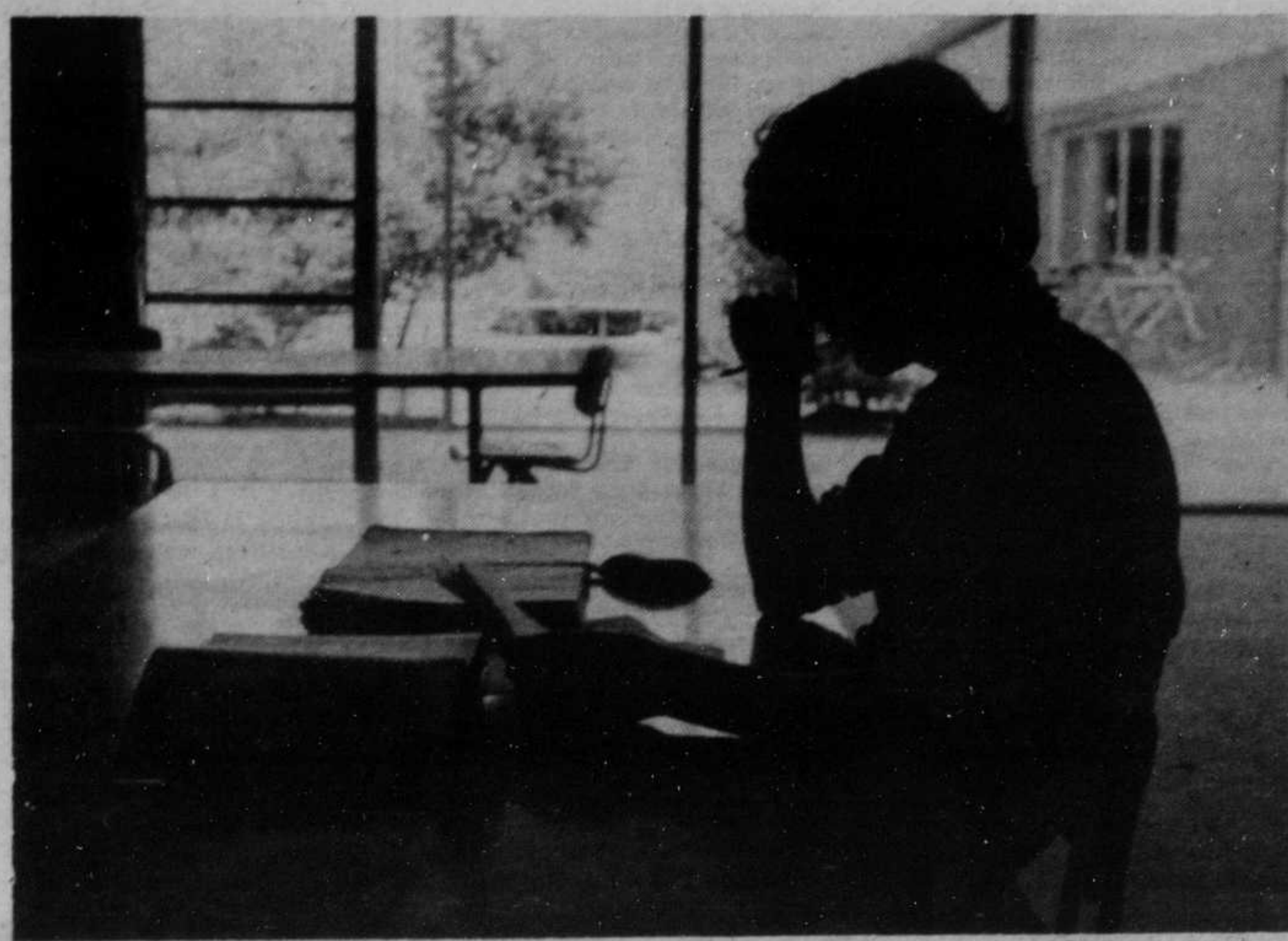

Photo by Jeffrey Burns

The final daze

Suntan weather doesn't exactly mesh with finals preparation, but telecommunications major Keith Jensen manages to take refuge from solar temptation long enough to engage in two-fisted studying. As exams approach, the weather forecast becomes increasingly optimistic — sunshine through Saturday with an 85-degree high expected

Bus, train schedules jam during airport shut-down

By NANCY MARSHALL
Of the Emerald

Despite the current gas crunch, many students will be driving home after finals, says Switchboard director Jay Stutz while others will be going by bus, train or jet.

"It seems like a lot of people are driving," Stutz says. "Starting last week we've been getting 20 calls a day from people offering rides. The rideboards are swamped." Persons offering rides should call 686-8453, and those needing rides should call 345-7600, he says.

Rich Baird, director of the state energy department's Allocations Department, urges students driving home to "check ahead, use caution and plan on having delays." He cautions against carrying gas in trunks, a dangerous practice that disrupts the supply system, he says.

Students who want to avoid gas-hunting hassles will be riding the train. But those who want to take Amtrak home will find tickets "pretty well sold out for most of finals week," a reservation official says. One southbound train and a northbound train leaves daily from Eugene for Los Angeles and Seattle.

For those flying home, Mahlon Sweet Airport will offer two additional daily flights from Salem to San Francisco to handle some of the traffic before the airport's five day closure during finals week.

"There are plenty of seats left," says United's Eugene manager Bill Tabbut. Because travelers had made alernative trip arrangements, many tickets haven't been sold yet. Also, reservation phone lines have been busy and people haven't been able to get through, he adds.

The United strike began March 31, and was settled last week by United senior officers and union executives. Flight service to Eugene has resumed this week, but will be shifted to Salem during the runway repaving project set for next week. "United will offer the two extra flights (out of Salem) at 10:39 a.m. and at 4:30 p.m.," Tabbut says.

Free shuttle buses will be provided for passengers with reservations for those flights, and will leave Mahlon Sweet for Salem's McNary Field at 8:45 a.m. and at 2:35 p.m.

Baggage restrictions for shuttle-riders will be three pieces of luggage and no bicycles. Those who find their own transportation to Salem won't be restricted.

"I suggested that students make arrangements to ship their extra luggage early by bus, United Parcel Service, or any other common carrier," Tabbut says.

United's passenger ticketing office is open from 6:10 a.m. until 7:45 p.m.

"The airline hasn't affected us as much as the gas problem," says Greyhound city manager Bruce Becker. Ticket sales have been increasing in the past few months, he says, but adds that they are prepared for the student rush and anticipates no problems. He warns students that bicycles to be shipped by bus must be in bicycle boxes.

In addition to its regular rates, Greyhound offers a one-way, $83 excursion fare that takes passengers across the U.S. via an express route. The fare goes into effect today.

An alternative bus line is the Gray Rabbit. The independent line runs weekly between Seattle, Portland, Eugene, San Francisco and connections to Los Angeles. It costs $20 to go from Eugene to San Francisco, and $10 from Eugene to Seattle, says Switchboard's Jay Stutz.

"It's important for people to book early because the Rabbit fills up fast. And it's on a first come, first served basis," Stutz says. A weekly trip south leaves Eugene at 8:15 p.m. Fridays. The northbound trip leaves Eugene at 6 a.m. Mondays.

The Gray Rabbit will offer four-day, $75 trips across the country beginning June 15. The bus will leave Eugene Fridays at 8:15 p.m. for San Francisco, then head east to New York.

today

The societal changes that moved elderly family members out of relatives' homes has resulted in "legitimate" profit for corporate chains, but nursing home residents say the facilities don't feel like "home." See **Pages 10 and 11.**

Credit card companies that look down their noses at student application forms seem to experience sudden changes of heart as the same students near graduation. For a look at this policy reversal, see **Page 15.**