

SAQIB BHATTI

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University might hold Halliburton

Throughout my four years at Yale, activists have repeatedly called on the university to disclose its investments portfolio, and they have been met with the same response every time: Yale's portfolio is like a trade secret, and if Yale discloses all of its investments, their value will plummet because everyone will try to copy them. Most students buy this line. But underlying their tacit acceptance of Yale's nondisclosure policy is the belief that Yale isn't really doing anything wrong. Most students would like to believe that even though Yale may dabble in somewhat questionable investments, it refrains from investments that are outright immoral or unethical. But we've seen before that this isn't the case.

Just a couple of years ago, Yale's investments in Talisman Energy were discovered, which, according to a Yale Herald article (11/15/02), was "exposed as having 'a not insignificant role' in human rights violations in Sudan." Although Talisman Energy has since sold all its Sudanese assets, the fact remains that Yale was profiting off the Sudanese civil war. But really, this should hardly come as a surprise. According to William Goetzmann, former chairman of the Yale's Advisory Committee on Investor Responsibility, "There's no policy that Yale has either for or against military stocks." According to David Corson-Knowles '03, another former member of the ACIR, "Officials have said -- if we don't have a policy against it, the endowment is so large you can pretty much assume that we're in it." This sentiment was echoed by President Levin himself when I met with him last year with a group of students to discuss Yale's investments. He said that we could pretty safely assume that if a company is in the Fortune 500, Yale is invested in it.

So what is it that is prompting me to write this piece now? Concern over the fact that Yale may be profiting from the Iraq war through investments in Halliburton. The fact that Halliburton is No. 122 on this year's Fortune 500 raised a red flag, but certainly isn't proof in and of itself that Yale is invested in it, despite what President Levin said last year. What set off alarm bells, however, was when researchers discovered that Farallon, a hedge fund that invests roughly \$3 billion of Yale's endowment according to Yale's own latest tax forms, is invested in Halliburton (David Swensen, Yale's Chief Investment Officer, stated last Friday that the figure was actually smaller than \$3 billion, but refused to give a hard number). As of Dec. 31, 2003, Farallon held 140,000 shares in Halliburton, worth a total of \$3,640,000 at the time of reporting.

In case you are not familiar with Halliburton, please allow me to introduce you. Halliburton is the world's second largest oil services company. It is also a very large beneficiary of federal defense contracts, and has been awarded a contract in the rebuilding of Iraq. Halliburton has been awarded over \$2.2 billion by the Bush Administration for defense related operations, and according to the Center for Public Integrity, Halliburton has been awarded more than \$3.5 billion in federal contracts over the last five years, 75 percent of them from the Department of Defense.

This is despite the fact that Halliburton has a history of corruption. According to the Associated Press, this spring, Halliburton admitted paying a \$2.4 million bribe to Nigerian tax officials in exchange for illegal tax cuts. The company still has an asbestos liability suit pending, and its accounting practices have come under scrutiny by the Securities and Exchange Commission more than once. Furthermore, Halliburton has a history of overcharging the government -- a history that repeated itself in Iraq last fall.

It is astounding that Halliburton is able to land such large federal contracts despite its horrible track-record. It's not so astounding, however, when you consider the fact that Vice President Dick Cheney is the former CEO of Halliburton, that he had to resign from that office in order to run alongside George Bush, and that he still receives \$1 million in compensation from the company every year.

It's infuriating to think that Yale might be directly profiting from the war in Iraq. On a campus where over 2,000 students signed a petition against the war and where the administration repeatedly made assurances of neutrality, it's disheartening to learn that those promises may have just been lip service. To Yale's credit, we don't know for

sure if Yale's money in particular is invested in Halliburton. All we know is that Farallon manages up to a quarter of Yale's endowment and that Farallon has over \$3 million in Halliburton.

At last Friday's meeting of the ACIR, students asked the committee to find out whether or not Farallon was investing Yale's money in Halliburton. The ACIR did not respond to the request. We hope this means that they will look into it and get back to us, but this in itself raises a larger issue. If all we can do is hope, we shouldn't hold our breaths. We know that before there was a campus-wide campaign to force Yale to divest from apartheid South Africa in the 1980s, Yale held substantial holdings there. The more recent example of the Sudanese civil war and statements by members of the ACIR and President Levin himself are not any more encouraging. If left to its own devices, we have little reason to hope that Yale will be a socially responsible investor. It is for this reason that disclosure of Yale's investments is necessary. We have a right to know if wars are funding our education.

Saqib Bhatti is a senior in Saybrook College.

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