FROM: Phyllis Schlafly

68 FAIRMOUNT, ALTON, ILLINOIS 62002 / (618) 462-5415

RELEASE: JUNE 24, 1983

THE RIGHTS OF STOCKHOLDERS

If consumers can be organized by Ralph Nader to demand their "rights" from manufacturing companies, can stockholders be organized by Carl Olson of Alexandria, VA, to demand their rights?

"Stockholders Against the Government Burden" is one arm of Olson's original campaign to raise the consciousness of stockholders to use the power they hold in their hands. After all, the continued flow of dividends to stockholders depends on a prosperous, private enterprise economy, and that in turn depends on sound tax and economic policies.

Olson suggests that stockholders should use their clout to induce the companies they own to support the Balanced Budget constitutional amendment, to support legislation to reduce the government tax and regulatory burdens on corporations, and to spend some of their advertising dollars to report the good news about the private-enterprise system. Resolutions to support such goals were brought up by individual stockholders at eight major corporations' annual meetings this year: Exxon, IBM, Gulf Oil, PepsiCo, Control Data, Dresser Industries, Occidental Petroleum, and Sun Co.

Certainly a reduction in federal taxes, deficits, and government red tape would be a tremendous benefit to the financial health and profits of corporations. Such resolutions are clearly in the economic interest of the corporations and their stockholders. As the owners, stockholders should assert their right to initiate such policies.

Big trucking companies discovered years ago that it is good business, as well as good public relations, to paint the amount of taxes paid by their trucks on the rear-ends of the trucks to be read by passing motorists. It would be a good move for every corporation to tell its stockholders how high are the taxes the company pays. A survey of the annual reports of 80 corporations shows that the average tax burden was equal to 16¼ percent of the earnings per share of stock.

In recent years, some businesses (including Getty, Mobil, and Amway) have devoted a part of their advertising budget to boosting the private-enterprise system. Olson and his associates believe that more companies should do likewise to build a prosperous economy.

Another Olson project, called "Stockholders for World Freedom," is trying to get stockholders to urge the companies they own to stop trading with Communist countries and to stop supporting the Communist slave-labor system. Stockholders' resolutions on these issues were presented this year at the annual meetings of IBM, PepsiCo, Control Data, Gulf Oil, Exxon, Occidental Petroleum, and Dresser Industries.

Stockholders' resolutions to stop corporate contributions to universities which ban U.S. military recruiters on campus were presented this year at Weyerhauser, IBM, DuPont, SmithKline Beckman, Polaroid, Xerox, Exxon, and Times-Mirror.

The managements of these big companies openly opposed the stockholders' resolutions, but with arguments that were pretty thin. IBM and Exxon argued that their trade with Communist countries is all right because it is legal under U.S. laws and is only a small percentage of their total business. PepsiCo argued that a resolution to ban trade with Communist countries serves "political objectives" and therefore should be rejected; but that's just a smokescreen for the original political decision to trade with Communist countries.

The decision to make a gift of a corporation's earnings to a university is not a business judgment but a decision to donate the stockholders' earnings for a nonbusiness purpose. The stockholders surely should have the right to enforce a policy that such funds NOT be donated to those universities that ban recruiters from the U.S. Armed Forces.

Corporations are nevertheless not very happy about the offering of stockholders' resolutions which call attention to controversial trade or donation policies. So, they have persuaded the Securities and Exchange Commission to propose changes in stockholder proxy rules which would discourage or make it very difficult for individual stockholders to propose resolutions at the annual meetings.

The SEC wants to require a minimum dollar holding (in thousands of dollars or a percentage of the entire stock), a minimum holding period (such as a year prior to the submission of a resolution), and a restriction on the number of agenda items permitted at an annual meeting. These proposed regulations are just techniques to insulate the directors and officers of corporations from responsibility for their controversial nonbusiness decisions.