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Death by Dollars

By NICHOLAS KRISTOF

So is your Fidelity account underwriting genocide in Sudan? Is your pension fund helping finance the janjaweed militias that throw babies into bonfires in Darfur and Chad?

The answer to both questions is complicated but may be yes, and that's one reason a divestment campaign is gaining strength around America and abroad. Six states (including California) have already begun divesting from companies active in Sudan, and legislation is pending in 23 more states, including New York.

More than 30 universities, beginning with Harvard in 2005, have sold certain Sudan-related investments. Five cities have divested, and New York is considering doing so. A bill before Congress would bar certain companies active in Sudan from receiving federal contracts.

Let's start by acknowledging that divestment and economic sanctions generally fail. The closest thing to a success was the way they helped topple white rule in South Africa in the 1980s, but even there one result was greater hardship for ordinary blacks.

Elsewhere, divestment and economic sanctions have mostly been counterproductive. Our Cuban embargo has hurt Cubans but cemented Fidel Castro in power; our sanctions against Myanmar have inflicted tremendous pain on Burmese without dislodging the brutal government.

So I'm against economic sanctions in almost every case. But Sudan is an exception, a rare instance where narrowly focused divestment makes practical as well as moral sense.

Partly that's because Sudan's economy depends on foreign oil companies, giving the outside world leverage. And 70 percent of Sudan's oil revenue goes to weaponry, like bayonets used to gouge out people's eyes.

The oil companies in Sudan aren't American; the biggest players are Chinese companies. Pressure on them is also one way to get the attention of the Chinese government, which is Sudan's main protector in the U.N. Security Council.

So in this case pressure on a small number of foreign companies could help get Sudan's attention, and that of its protectors in China, without hurting ordinary people. And Sudan has shown that it can be nudged and embarrassed into behaving better: the best example is the way that pressure (including economic sanctions) led Sudan's leaders to end their brutal war in southern Sudan in 2005.

Fortunately, the Darfur divestment campaign has been remarkably restrained in choosing targets. Organizers are not seeking divestment from all of the more than 400 foreign companies that operate in Sudan, but only from a few dozen that are complicit in genocide without helping ordinary Sudanese. (See the guidelines at www.SudanDivestment.org developed largely by a recent U.C.L.A. graduate, Adam Sterling.)

"People are surprised to find out that Royal Dutch Shell is not a targeted company by us, even though they are an oil firm and operate in Sudan," notes Mark Hanis, who runs the Genocide Intervention Network (which has a divestment hot line, 1-800-GENOCIDE). That's because Shell sells gas in Sudan at a retail level, rather than enriching the army through production, Mr. Hanis said, and less than 5 percent of those sales are believed to be to the government.

More than other money managers, Fidelity has resisted the pressure and clung firmly to Sudan-related investments. So Darfur campaigners are urging investors to avoid Fidelity mutual funds: more information is at www.FidelityOutofSudan.com

The biggest U.S. investor in Class H shares of PetroChina, a Chinese oil concern whose parent company is active in Sudan, is Warren Buffett's Berkshire Hathaway. I have huge respect for Mr. Buffett, and he may be thinking: My obligation is to make money for shareholders, not to use their investments in a dubious attempt to save the world. But surely if Berkshire Hathaway and Fidelity mutual funds saw lucrative opportunities in selling bayonets to the janjaweed, they would balk at that. We do have limits; the question is where we draw them.

In this case, the cost of divestment to fund managers or investors is negligible, and there is a real prospect that the strategy will add enough attention, embarrassment and pressure that Sudan will stop slaughtering Darfuris — just as it has stopped massacring people in southern Sudan.

It's not a sure thing. But remember that in Darfur and Chad, aid workers — some of them Americans — are being killed, raped and beaten as they try to alleviate the slaughter. So shouldn't we make the minimal sacrifice of divestment, rather than blithely continue to invest in ways that provide grenades and guns to kill aid workers and Darfuris alike?