

RESOLUTION REGARDING UNIVERSITY INVESTMENTS
IN ORGANIZATIONS
OPERATING IN THE REPUBLIC OF SOUTH AFRICA

WHEREAS, after a year of intensive study and broad campus discussion and debate, the Regents in their resolution of March 16, 1978, stated their belief that the system of apartheid and the oppressive practices of the government of the Republic of South Africa related thereto are immoral and unconscionable, and required a high degree of social responsibility for corporations having operations in South Africa; and

WHEREAS, the Regents recognize and sincerely appreciate the good faith efforts and the courageous actions of many United States corporations having operations in South Africa, and in particular the Michigan based corporations such as Ford Motor Company, General Motors, Dow Chemical, and Kellogg, among others, and the good management such conduct reflects; and

WHEREAS, notwithstanding the signs of progress in South Africa, such as the increased recognition and growth of black trade unions, improved pay and working conditions for blacks, improved education and housing opportunities for blacks, and limited dispensations ending segregation in certain sports activities and certain places of public accommodation, there also have been adverse changes such as increased bannings, increased arrests for pass law violations, increased efforts to implement and involuntary Bantustan policy, and a total failure to address political rights of blacks in proposed constitutional reforms; and

WHEREAS, the Regents believe that progress to end apartheid has been too slow, and the government of the Republic of South Africa does not understand the depth of American feeling in this matter; and

WHEREAS, it is also the obligation of the Board of Regents to act in a way consistent with its fiduciary duties; and

WHEREAS, the Board has concluded, subject to the exceptions noted below, that it is undesirable for The University of Michigan to continue to hold shares of corporate stock or other equity investments in organizations operating in the Republic of South Africa.

IT IS THEREFORE RESOLVED, that the Board hereby directs the Vice-Presidents and Chief Financial Officer to take prudent action to replace equity investments in any organizations operating in the Republic of South Africa with alternative investments selected to provide, as nearly as possible, a substantially equivalent level of portfolio diversification and quality.

IT IS FURTHER RESOLVED, that the Board directs the Vice-President and Chief Financial Officer to make no further investments in shares of corporate stock and other equities of organizations operating in the Republic of South Africa, and to take appropriate action to divest The University of Michigan of its present interest in such investments at the earliest time when it is financially prudent to do so.

IT IS FURTHER RESOLVED, that notwithstanding the foregoing, this resolution shall not operate to cause the divestiture or to prevent the acquisition by The University of Michigan of investments in corporate stocks or other equities described below:

- (a) Investments in corporations headquartered in Michigan or which employ substantial numbers of employees in Michigan, provided that dividends derived from that proportion of such corporations' earnings attributable to their South Africa operations shall be devoted by the University to programs intended to promote educational opportunities related to South Africa.
- (b) Investments in The University of Michigan Buy-Write Program.
- (c) Investments acquired by The University of Michigan from third-party donors and maintained in a specifically invested account at the suggestion of the donor.

IT IS FURTHER RESOLVED, that the Vice-President and Chief Financial Officer shall initiate appropriate efforts to encourage corporations in which the University owns stock or other equities to withdraw from the Republic of South Africa.

Regent Varner seconded the motion.

Regent Dunn: Mr. President, members of the Board of Regents, ladies and gentlemen, in my fifteen years on the Board of Regents, this has been one of the toughest issues that I think we have had to face. I can't remember an issue that involved so much discussion, with faculty, students, managers of corporations, legislators, and citizens, and the endless hours of discussions that have gone on among the Board of Regents. The resolution that I just put into the record is not the resolution that I would have preferred. However, in government you need a majority and so, therefore, in the spirit of compromise in order to get a majority, I put forth this motion. As I indicated, it is not perfect. I think it is a giant step forward for The University of Michigan. The impact of it should not be minimized. I am very pleased we are taking this step.

We tried the Sullivan Principles for five years and, in my opinion, they just did not work. They did not bring about the change that we all want, that needs to take place in South Africa. So, therefore, I would urge all of my colleagues to cast an affirmative vote for this resolution, and I also urge them to raise their voices on this issue. This is the time to discuss it.

Regent Power: Mr. President, colleagues, and friends in the audience, because the issues that we have been discussing are so morally charged and so complex, and because the divestiture remedy proposed as well as the way in which it has been proposed is so drastic, I believe it is very important to speak and think with precision on the entire matter. An important part of this process is to disentangle the various elements of morality, policy, and politics which have, as Regent Dunn suggested, been mixed together in the entire debate. The solution acceptable to me must include recognition of the following basic positions:

- 1) As to the question of morality, I cannot abide discrimination in any form. I detest systemic discrimination as practiced in the Republic of South Africa under the title of apartheid regardless of any particular formulation by which that government has sought to rationalize it. This abhorrent set of policies in addition to setting aside black and other racially defined minorities as subhuman, has its own particular horrors for women of all races.

- 2) With respect to the issue of support for Michigan, I do not wish to stigmatize American corporations for carrying on their business in an ethical and legal pursuit of growth and profit. I particularly do not wish to preclude the University from supporting in any way appropriate those Michigan based corporations whose

financial help is so important to the economic progress of our state. The obvious problem is the conflict between a moral position which detests apartheid and a concern that corporations operating in South Africa will, by their very presence, intentionally or not, strengthen that government in its policies. Any step the University might take in this regard will certainly be only symbolic in its effect, but stands must be taken even if they are symbolic only. The remedy in my judgment must be appropriate.

Since 1978 regental policy has been to support the Sullivan Principles as a way of trying to induce American corporations to work against apartheid. But today, by the University's own analysis, of the forty-six companies doing business in South Africa in which the University holds securities, and which have been contacted to ascertain their compliance with the Sullivan Principles, thirteen are in compliance, ten are not in compliance, and twenty-three are uncertain or evasive. I can no longer support the remedy that once appeared present in the Sullivan Principles of which, as former U. S. Ambassador to the United Nations, Donald McHenry, has said. "The Sullivan Principles are at best minimalist. Corporations doing business in South Africa could do significantly more." A new remedy is necessary.

3) There is the question of respect for law. The University as an entity within the government of the state of Michigan must comport itself, I believe, in accordance with the law of the state. It is also important for the Regents to protect the interests of the University in that context. The University may dislike the law, in which case it should seek to change it. Or the University may feel the law is unconstitutional, in which case it should challenge it in the courts. Political considerations: While safeguarding its constitutionally defined independence, the University, in my judgment, as a practical matter cannot allow itself to become politically so isolated that it is incapable of working constructively with the Governor and the legislature to meet two primary goals; providing educational opportunity for all people and helping create the basis for jobs and economic diversification and growth in Michigan.

In this regard, it is important to note that per capita state support for the University has in only eleven years dropped from 21st in the nation to 40th.

4) The matter of policy. The current state law regarding divestiture of securities of corporations doing business in South Africa and the USSR may well infringe on the constitutionally independent status of the University. A status which has served it very well for more than 100 years. In addition, the law discriminates against the University and other public universities in Michigan by exempting other state funds, including pension funds, from its divestiture requirements. I believe that the law should be tested to the fullest in the courts.

And last, to the question of fiduciary duty. The Board of Regents must act in a way which is consistent with its fiduciary responsibility. To me this means that the Board should direct that any major change in its portfolio must be accomplished in a prudent and orderly manner, one which does not damage the University's economic condition.

For these assortments of reasons, I will, Mr. President, support the motion introduced by Regent Dunn.

Regent Brown: Mr. President, my position has been stated before to this Board. I think that all of us ought to realize that the University ought not to become involved in political issues except on rare occasions. We have on rare occasion in my tenure on the Board, maybe two or three times, become so involved, and we find ourselves this time involved for a number of reasons which I think we all know. I think it should be clear that everyone on this Board and connected with the administration abhors apartheid very sincerely and very deeply. The comments that have been made over the past ten years on this subject, since I have been here, by those urging divestment are things which I agree with almost totally.

My difference comes on the question of what is the most effective thing that this University can do and can properly do? I have not seen evidence that divestment will have any effect on the government of South Africa, on American corporations who do business in South Africa, or in making a better life for blacks in South Africa by moving that nation towards recognition of their human rights. For that reason I have always had the position that the best thing that we can do would be to urge our corporations to disinvest in South Africa by retaining our stock and by going to those corporations in whatever way is appropriate to urge them to withdraw from South Africa.

While that is my preferred position, I think the motion by Regent Dunn, as he presented it today, is something that I can support and accordingly, I will support the resolution before the Board at this time.

Regent Varner: Mr. President, my colleagues on the Board, ladies and gentlemen from the University community. I supported this resolution not because it was what I preferred. I wanted total divestment. I am personally unable to make a distinction between condoning the continued presence of a Michigan company and a company from some other state. I think they are all in South Africa to make profits—profits at the expense of the human situation which is very oppressive, which is very unjust, which is very appalling, and which exploit the black population of South Africa. Personally, I feel that the corporations in which we are saying we will continue to keep our investments are not themselves saying “Yes to Michigan.” They have already taken the jobs that could be

here, and they have taken them to South Africa in a cheap and exploitive labor market.

However, I do feel that we all have various opinions about the best way to address the problem in South Africa, and I recognized that, if we are going to make any progress with respect to changing University policy, I would have to compromise to some extent. So, I am supporting the policy of the resolution because it does provide for substantial divestment, and it is made more palatable to me because it does say that the earnings that we do receive from the companies in Michigan in which we will continue to invest and are doing business in South Africa will be used for the educational benefits of South Africans.

I do want to say, and I think this is very important, that while we might think that our actions are symbolic, symbols are very important components of reality. One reality is that the University of Michigan is a major national and international institution. The world is watching, and I believe that our action here today will encourage others to follow our example. I believe that we can have a major influence on public and world opinion with respect to apartheid. I am realistic enough to know that corporations themselves cannot change South Africa. They are guests there. It is illegal for them to even speak out against the apartheid government. They are providing high technology and energy sources that support that regime. So we really have to act and make a definitive statement against the policies of that government, and because I feel that this is the most definitive statement that the University of Michigan Board of Regents could make at this time, I am supporting the resolution presented by Regent Dunn.

Regent Baker: Over several years The University of Michigan has clearly stated its abhorrence of the repressive system of apartheid practices by the South African Government. Previously the University has established policies regarding the University's investments which policies particularly seek to influence the South African Government's treatment of non-white people in South Africa by requiring the American companies in which the University holds investments subscribe to the Sullivan Principles, if those companies do business in South Africa.

All of us agree on this Board apartheid is an evil institution, but how to remedy that evil is a matter on which people of good will can disagree. I personally feel substantial progress can be achieved under our present policy. Others feel divestment is the answer.

The Michigan Legislature, through Public Act 512, now insists the University sell all of its investments in companies which do business in South Africa and in so doing the Legislature violates the

Michigan Constitution which guarantees the University's right to make its own determinations in such matters.

A by-product of legislative action has been to infect The University of Michigan with the virus of state, national, and international power politics. The enactment of Public Act 512 has brought the politics of confrontation to a close-knit group of Regents who work to keep The University of Michigan great through cooperative, quiet, and determined support of this institution. Now this infected University has become a breeding ground for state, national, and international action against the Republic of South Africa.

The Michigan Legislature, in part, demands the University's divestment in the stocks of American companies which do business in South Africa because American business has not quickly solved the problem of apartheid and implies business seeking after profits prevents business from achieving the Legislature's desired social change.

The charge is patently false. Michigan companies like Ford, GM, and Dow have led the way to progress for minorities in South Africa.

But because of the infective political virus and the fear of loss of funding for University budgets, buildings, and other needs from an avenging legislature, and for other reasons, the Regents now plan to divest the University of the stocks of sixty-plus companies which do some business in South Africa.

What the Legislature, through Public Act 512, and the Regents, through their proposed divestment resolution, are saying is that American business is immoral and is unable to act properly in South Africa. I disagree.

Make no mistake about it, this resolution is an anti-business statement by The University of Michigan in a state which already is perceived to be an anti-business state.

The Regents' resolution pays lipservice support to the Michigan corporations by stating a small number of shares in a few Michigan companies will be held in the University's portfolio. The resolution insults the Michigan and American corporations which have labored so hard and so long to solve the wretched evil of apartheid. It insults the workers of those companies who pay Michigan taxes, the executives, their officers and their boards of directors and, in my judgment, injures the black South African employee of the American corporation.

The Board of Regents is telling American business "We want your financial support, your gifts, your research grants, and your help in our financial campaigns, but we don't want to invest in your shares because you are business, and business is evil because it operates in South Africa." Ironically, the University tomorrow accepts a gift of a new engineering building in Ann Arbor which is,

in large part, a gift of the Dow Chemical Company, a company whose stock the Regents may in part sell because it does business in South Africa.

Another tragic result of the University's viral political infection from Lansing is the politicizing of this University for international political goals. The effect of the proposed resolution is to place this University in the forefront with those seeking to overthrow the government of South Africa. Some may think that government should be overthrown, but I do not think the best interest of the people of this state or the University of Michigan is served by the University leading that charge.

The University, as an institution, is not obligated to make foreign policy of the United States. The relationship between nations is properly reserved to the federal government.

Public Act 512 demands divestment of the stocks of companies which do business not only in the Republic of South Africa, but also of the stocks of those companies which do business in the Union of the Soviet Socialist Republics. The repression of the people of Poland and Afganistan by the Soviet Union is every bit as real and as evil as the repression in South Africa, but the Regents' resolution is silent on Soviet evil. One would hope the Regents have the decency to amend the resolution to conform with the law and divest with regard to the Soviet Union, too.

A compelling argument, and one which on its merits alone demands that the University not divest, is the legal concept known as the "prudent man rule." That rule of law calls upon those who have a fiduciary responsibility for public or private monies, as the Regents do, knowingly take no actions which may cause damage to the assets in their charge. The Regents have a fiduciary responsibility and are by law required to protect and obtain the best possible return on University investments.

Divestment would cause an immediate cash loss to the University of \$150,000 in transaction cost alone. A far greater but less measurable loss would result over the longer term from the more limited investment pool in which the University can invest when it eliminates more than sixty companies from its investment portfolio in equities such as Burroughs, Ford, General Motors, Dow, General Electric Company, IBM, and many other responsible, honest, ethical, and law-abiding American companies, all of which adhere to the Sullivan Principles in South Africa. Further, many of these companies have provided substantial support to the University in gifts, grants, and research funds over the years.

I would vote against divestment on the basis of the "prudent man rule" alone because it is my opinion that each Regent is individually liable for any losses incurred through divestment. Those who call for divestment by the Regents do not face the real threat of

legal action for abandonment of fiduciary responsibility as do the Regents. The Regents should clearly understand that to vote for divestment is to compromise their fiduciary responsibility and opens this institution, its officers, and Regents to legal action which I fully expect will come if this Board votes to divest.

I ask, too, that the official record of this meeting carry my warning to the Regents regarding the "prudent man investment rule" so if and when such legal actions come against this Board my opposition to divestment, for this reason and other reasons, is part of that record.

Regent Roach: Mr. President there are three issues that have been intertwined in our debate. Probably a better statement would be that there are two propositions and one issue because there is really not an issue, unless there is some disagreement about it.

The first proposition that I think we all agree to is the autonomy of the University and the importance over the long run of that independence of the University. But I don't think we have any disagreement on that. The second issue is apartheid and I know we don't have any disagreement on that. I don't believe there is a single member of this Board or perhaps a single member of the entire University community that is in favor of apartheid or who does not consider apartheid to be abhorrent, to be intolerable, to be immoral, to be unconscionable.

The place the Regents have disagreed has been what do you do about it? What do we do, sitting in Ann Arbor, Michigan, at The University of Michigan, which is effective to end apartheid? Now this is not an issue that we have approached for the first time today. Indeed, this Board has studied this issue and followed this issue for more than six years. We have read about it. We have studied about it. We have listened to the discussion and the debate. But unfortunately most of the debate, as the excellent speeches that we heard this afternoon, and I must compliment all of the speakers, focuses principally on the issue of whether or not apartheid is wrong, or how wrong it is. That is a fact you don't have to prove. The question is what do you do about it?

The argument that divestment is an effective remedy is one that I just cannot support as a matter of logic. In the first place, I think we all understand, and I hope that everyone in the University community understands, that when we buy stock, we buy in what is known as the secondary market. We don't buy Ford stock from Ford Motor Company. When we buy Ford stock they don't get a dime. We buy Ford stock from someone who held Ford stock and wants to sell it. And, indeed, if we sell our Ford stock, we sell it not to the company but we sell it to somebody who wants to buy Ford stock. Now, in all of the debate today and all of the debate over the last six years and all of the discussion among the Regents

themselves, the only argument that I have heard that divestment—that is the sale of our stock—is effective, is that it is a moral statement and that somehow that moral statement will put pressure upon the repressive apartheid government of South Africa to change. It is indeed a form of moral statement. If we sell our stocks, it is going to put pressure on the Republic of South Africa to change? As I hear the descriptions of the government of South Africa from our colleagues during the public comments session, I certainly don't see that that is much in the way of pressure.

Now, there are alternatives. There is a serious issue that could be debated and has not been well debated, certainly not on this campus or not in this Board although it has been considered. That is whether American corporations should disinvest. Should American corporations get out of South Africa? Or should American corporations stay there as a force for positive change? I think most of us have read, and I hope that many in the audience have had a chance to read the report of the study commission on U.S. policy toward South Africa that was published by the *Berkeley Press* in 1981. That commission which was headed by the president of the Ford Foundation and which has as members many black scholars from around this country came to the unanimous conclusion that divestment was not the appropriate remedy for investors and indeed that leaving South Africa was not the appropriate step for American corporations.

President Jimmy Carter, who probably more than any other president in recent times really strove to bring human rights into American foreign policy, believed that American corporations did more to help the situation in South Africa than it did to harm it. This is a weighing question. But, you see that is not our debate. That's Regent Brown's argument that we ought to force, or attempt to force, or argue to force the American corporations to disinvest, but that is not the issue we are talking about. That is not what is being argued here. What is being argued here is sell all of your shares in American companies who have operations in South Africa.

The other alternative to pulling out is basically to follow some course of conduct which relates to the Sullivan Principles or other matters. The study commission of which I spoke a moment ago basically said that we should do three things, and if we were not going through divestment, I would urge that we do (1) continue to require all corporations to follow the enhanced Sullivan Principles, (2) require that any corporation in which we invest not enter South Africa, or not expand in South Africa, which is similar to the Solars Bill pending in Congress, and (3) any corporation doing business in South Africa make a contribution to black community education, transportation, health, education at a rate at least double what they customarily give in the United States. That is one set of alternatives; stay there, the American company, make a contribu-

tion for progress, contribute to black education, contribute training, contribute to the development and emergence of black trade unions, or get out altogether. But that is not the question that either this resolution or, indeed, what we have been urged to do by others, or what is required of us to do.

One final point on the Sullivan Principles. I know those who argue for divestment argue that it is nothing but a paper tiger, it has not been effective, etc. The University really has monitored carefully in the last five years on the basis of reports from two different reporting firms, the Arthur D. Little Company and also IRRC, and also on the basis of direct correspondence with corporations in which we own stock. I think, indeed, there has been progress. I certainly agree that progress has been too slow. But in the most recent report, for instance, it appears that substantially all of the corporations have accomplished the basic principles of desegregation of the work force and equal and fair employment practices. In terms of equal pay, we know, for instance, that Ford is a leader. I think their pay scale now is up to something like 2.3 rand per hour which compared to what it was five years ago must be like a small fortune, and the black pay has increased more rapidly than white pay over the last five years. We know there has been significant training of blacks and coloreds and asians and that, in fact, they have been promoted—blacks have been promoted to supervisory positions over whites. Some thirty percent of the supervisory position in American companies are now held by blacks. We know that in the last year alone American companies contributed more than \$12 million rand to South African community development.

It was argued by our first speaker today that Reverend Sullivan said he didn't think his principles were working. I would just like to conclude with a quote from Dr. Sullivan's speech at the Economic Club of Detroit on January 24, 1983, in response to a question. This is what Dr. Sullivan said, "The Sullivan Principles are limited in themselves and in what they can individually accomplish, but combined with other thrusts from world governments, United Nations, churches, and world public opinions they can and will be a major force in the ultimate elimination of that system because they can serve to help eliminate discrimination in the most important private sector of that country's structure, its businesses, factories and industries. The most important role the principles have played is that they have been a catalyst for change far beyond American companies. They have become the leading thrust in South Africa for change in industrial relations and equal employment practices for companies in South Africa, those from America as well as from around the world, and they have been a leading catalyst in developing a momentum for change in industrial relations in South Africa that is not reversible, and will continue to change conditions for black workers."

To me the most significant thing that has been accomplished by virtue of the operation under the Sullivan Principles is the emergence of black trade unions. In the last four years, black trade union membership has expanded from about 15,000 to over 300,000. All of us know the political, social, and economic force that an active trade union movement can and will be.

I submit to you, my colleagues, that while I agree with the recitals, in fact they sound quite familiar, that I cannot support the resolution. To me it does not follow, it is not the best course of action. If we really mean we are against apartheid, we ought to do something that is more effective than a symbolic act and I respectfully will vote no.

Regent Nederlander: One important factor I believe that we have considered and should consider is the fact that it is our obligation, in my opinion, to support Michigan business. There is substantial unemployment in this state. There is an enormous number of people out of work. One of the suggestions in Regent Dunn's resolution was that we not sell the stock of Michigan companies that provide substantial employment in this state. That means not selling stock in Dow, and in those other companies who do provide employment to so many, many people. We do owe that obligation to the citizens of our state.

At the same time, what we have sought to do, I recognize that we always have to balance the equities in this thing, was to take whatever profits derived from South Africa and put those in a fund for the betterment or in order to promote educational opportunities related to South Africa. It is a very difficult question. We have to balance all the equities. We have the state legislature who said, and they certainly are one of our constituencies, divest from companies who do business in South Africa. Irrespective of the constitutionality of it, they are one of our constituencies, and we ought to listen to them. We ought to listen to a great many people. I am not sure I know all the answers to this, but I do feel that we should listen to our constituencies, and we should support Michigan business. Whether divestiture is the proper way to go or whether we should maintain our stock and seek for change in that corporation, I am not sure what the answer is. Hopefully, this was a compromise that in part I am sure will not satisfy everybody. In good conscience I feel that is the way to go because we are selling significant amounts of stock, but we are keeping stock in our Michigan corporations.

Regent Waters: On this issue, Mr. President, I can say that I have agreed with everything said by the speakers from the audience, but most of what has been said by the Regents, I disagree with. I agree with Regent Varner and Regent Dunn. I don't see any difference between Michigan firms doing business in South Africa and firms outside Michigan. I can see the rationale. I understand

the high unemployment in the state and the problems that we have here, but we do have a moral and an ethical issue involved as well as a state law. Some of us talk about autonomy. The only reason the law was enacted to begin with is because we didn't take steps to end divestment in these corporations to begin with. I would commend Representative Bullard for his tireless efforts to get this law passed. Regent Roach talks about better alternatives and that this is not the best course to follow, therefore, he would have to vote against it. He is quite articulate and knowledgeable. He had every right to place an alternative resolution, which he hasn't done. He left an impression that he might support something better, but he hasn't offered anything. If that is the case, I would agree that this is symbolic in a way. If you take a lot of symbolic steps here at the University and throughout the country, then they can be a major force and place some pressure on Congress and the President.

I think we have taken a big step backwards since President Reagan has been in office. He has made it quite clear that the government of South Africa can conduct business as usual. They have nothing to fear from the United States. If we want a better alternative, I would say that we should have you, as the [University] President, appoint some kind of task force or committee made up of faculty, students, and other people concerned with the issue of apartheid to work with other organizations, the state legislature, Congress, and the President of the United States to let them know of our displeasure with the system. That is the only way it is going to be workable. As Regent Roach said, if we sell our stock, someone will purchase the stock. Although that would be somewhat helpful, business will continue. I think what is really necessary is for Congress and the President of the United States to take appropriate action through the United Nations. We have a lot of power and prestige throughout the world. We have to place pressure on our so-called European allies such as Britain, France, Germany, and Japan who have significant investments in South Africa, perhaps more than we do in total. We should have a resolution through the United Nations Security Council that a definite timetable must be established by South Africa to end apartheid and give full political and economic and other rights to non-white citizens there. If such a plan is not adopted and the timetable followed then the United States and the United Nations should be prepared to give economic and military aid to black South Africans and to the other African nations in that area. With all the money we give our nations, I think it is clear that we could place enough pressure on other governments, such as France and Britain that if nothing was done to end apartheid, the United States corporations would pull out as Regent Roach mentioned. That would be much more effective than divestment, but we would also want some assurance that no other government or corporation would move in to replace them.

I think that this can be done in advance, if the United States wants to do it. I think that is the big issue. We talk about donating our dividends for scholarships, but if the corporations really were sincere and wanted to end apartheid, they would donate any excess profits they make back into projects, education, housing for black South Africans and other black African nations. We all know that the only reason they are there is because of the system of apartheid, the slave labor, where they can make huge profits. The more the multinational corporations invest there, I think, the greater their stake on maintaining the system.

I am going to vote in favor of the motion by Regent Dunn. As he mentioned, it is a compromise. I think it is a significant step in the right direction. I think that some of us on the Board will continue to fight. We can't be satisfied until we have complete divestment.

Regent Baker: We ought not mislead the people of Michigan into thinking that we are going to remain invested in Michigan corporation stocks because I don't think that is the intent of that motion. Perhaps it is to some small degree, but that is not the case at all.

Regent Roach: Just on a point of clarification, I thought I had made it clear in my remarks that if this resolution fails, I would be prepared to introduce the resolution I had circulated to the Regents earlier this week. Rather than clutter our parliamentary posture with substitutes and other similar parliamentary moves in view of the expressed feelings of the Board, it seems to me it is a better and clearer way just to vote on this motion. But I assure you, Regent Waters, that if this motion fails, I would introduce my resolution.

President Shapiro then called for the vote. The motion was adopted with Regents Brown, Dunn, Nederlander, Power, Varner, and Waters voting affirmatively and Regents Baker and Roach voting no.

President Shapiro then said that with respect to Regent Baker's question, although he did not have all of the figures at hand, his estimate is that currently the University is holding about \$50 million worth of stocks of corporations doing business in South Africa. Under this resolution, the University will probably divest approximately 90% of those holdings. If that is the case, approximately \$5 million worth of stock will remain held in Michigan companies at this time.

Regent Baker: This is a resolution for legal action with reference to the constitutionality of 1982 Public Act 512:

WHEREAS, the Regents believe that Public Act 512 of 1982 represents an unconstitutional intrusion upon the powers and authority of the Regents to direct expenditures of the University's funds.