FOR INTRA-UNIVERSITY CORRESPONDENCE

THE UNIVERSITY OF MICHIGAN

February 28, 1983

MEMORANDUM

To: Harold T. Shapiro

From: Richard L. Kennedy Dick

Re: The Politics of South African Investments

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FEB 28 1983
PRESIDENT'S OFFICE

It is important to understand how we got into this mess. The legislative history of the public act which attempts to bar our investment in companies operating in South Africa is as follows:

(1) The bill originated with Representative Perry Bullard in the House of Representatives and was carefully shepherded through that chamber and passed with almost 90 (out of 110) affirmative votes. We maintained a low profile on the House side, trying simply to prevent it from coming up for a vote on the House floor. We did not discuss the matter much with individual legislators. Representative Bullard eventually secured sufficient support to bring it to a vote.

(2) On the Senate side we assumed a much more aggressive posture. I met with Senator Basil Brown, Chairman of the Senate Judiciary Committee, where the bill was referred. As a result of our conversation, I later wrote to Senator Brown explaining the Regents' policy and describing the extent of our current holdings in the subject companies. The bill remained in committee through much of the year (1982).

(3) Late in the Fall of 1982 at Representative Bullard's urging, the Judiciary Committee scheduled the bill for discussion. We began working with Ford Motor Company on a substitute that would have paralleled a Connecticut law that would have established an investment policy very similar to that of the Regents. I wrote to the entire Senate urging their support for this substitute. I met with Representative Bullard to try to get his support. He refused and the bill was reported out of committee. Our testimony at the committee hearing was the only evidence presented against the bill. We then attempted to get the substitute introduced on the floor of the Senate, failed, and the bill was passed.

(4) Throughout this entire period we operated without the support of any institution and/or company with the exception of Ford. All were sympathetic but unwilling to become involved.

(5) We are now in the unfortunate position of having a law in place which is probably unconstitutional, among other things. The law is, of course, supported heavily by the Black Caucus. Members of that caucus now hold membership on or chair several key committees which are crucial to our funding problems.

The Senate Subcommittee on Higher Education Appropriations is chaired by Senator Jackie Vaughn, a member of the caucus. Lana Pollack, who is also a member, is in support of the law and will likely write to you explaining that this is the only issue on which she intends to actively oppose the University. She has been otherwise very supportive and has vowed not to get involved in any other internal issues of the University. The House Subcommittee on Higher Education Appropriations is similarly chaired by Morris Hood, a member of the caucus. The Joint Capital Outlay Subcommittee has as members David Holmes, Vice Chair, Morris Hood, and Jackie Vaughn, all part of the caucus.

As I said at our Officers' meeting, Harold, I have to tell you that it is my advice that we will pay some price in the Legislature for maintaining our present posture on investments. As we move to a discussion of alternative positions, I hope this background information will be helpful.

jwb