

MARCH MEETING, 1978

THE UNIVERSITY OF MICHIGAN
ANN ARBOR
THURSDAY, MARCH 16, 1978

The Regents met at 1:30 P.M. in the Michigan Union Ballroom.

Present were the President and Regents Baker, Brown, Dunn, Laro, Nederlander, Power, Roach, and Waters. Chancellors Goodall and Moran and Vice-Presidents Brinkerhoff, Shapiro, Radock, Overberger, Johnson, and Vice-President and Secretary Kennedy also were present.

President Fleming introduced the topic to be discussed and reviewed the procedure to be followed in order to accommodate those speakers who wished to present their views on University investment policies in South Africa.

University
Investment
Policies in
South Africa

Following these presentations the administration would recommend to the Regents general acceptance of the report of the Senate Assembly Advisory Committee on Financial Affairs. The Regents would then discuss the issue and make a determination as to what action the University should take concerning this issue.

President Fleming then commented on behalf of the Regents that no Regent has any conflict of interest as defined by the law of the State of Michigan. Also, no Regent is either a director or an officer of any corporation in which the University owns stock and which is doing business in the Republic of South Africa.

He then announced that there would be no meeting held in the evening, as previously indicated on the agenda.

The Regents heard comments on investment policies in South Africa from David Gordon, Thomas Weisskopf, Anne Marie Coleman, Thomas Detwyler, Bunyan Bryant, Joel Samoff, Rachel Rosenthal, Leonard Suransky, Valerie Suransky, Maceo Powell, Dennis Ondeje, Denis Hoppe, Anne Laurance, William Hawkins, Randy Schwartz, Don Alexander, and Jemardari Kamara.

Vice-President Brinkerhoff briefly reviewed the report and the recommendations of the Senate Assembly Advisory Committee on Financial Affairs on investment policies and social responsibility.

Regent Roach moved for adoption the following resolution:

RESOLUTION

WHEREAS the Regents of The University of Michigan have received the Report and Recommendations of the Senate Assembly Advisory Committee on Financial Affairs (the Committee) on Investment Policies and Social Responsibility dated February 28, 1978, and

WHEREAS the Regents are in general agreement with the Report and Recommendations, and

WHEREAS the Regents agree that the issue of investments in corporations having business operations in the Republic of South Africa has become one of considerable concern to many of the University community, and involves extremely serious moral and ethical questions, and

WHEREAS the Regents believe that the system of apartheid and the oppressive practices of the Government of the Republic of South Africa related thereto are immoral and unconscionable,

NOW, THEREFORE, BE IT RESOLVED:

1. The policy reaffirmed by the Regents at their April, 1971 meeting with respect to the voting of proxies of corporations at shareholders meetings is modified as hereafter set forth.

2. When review and analysis of proxy materials and financial data indicates to the Office of the Vice-President and Chief Financial Officer that it is not in the financial interest of the University as a stockholder to vote in accordance with a management proposal, a recommendation shall be made to the Regents through normal investment review procedures concerning voting on such proposal, selling the stock, or other appropriate action.

3. If the Regents shall determine that a particular issue involves extremely serious moral or ethical questions which are of considerable concern to many members of the University community, an advisory committee consisting of members of the University Senate, students, administration and alumni will be appointed to gather information and formulate recommendations for the Regents' consideration.

4. The Committee having served the function of such advisory committee with respect to the issue of investment in corporations doing business in South Africa, and the Regents having duly considered its report, and the comments and concerns of other members of the University community, the following action shall be taken:

A. The Vice-President and Chief Financial Officer shall send letters to corporations doing business in South Africa in which the University is a stockholder asking for:

- (1) Affirmation of the Sullivan Principles.
- (2) Corporate encouragement to endorse the enhancement of political, economic and social rights for all of the corporation's employees in South Africa.
- (3) Regular reports to publicly disclose corporate progress toward achievements in these matters.

B. The University shall vote its proxies in favor of resolutions supporting the actions of A, above.

C. The University shall withdraw its deposits from and discontinue purchasing short-term money market instruments of those banks that hereafter make or increase loans to the Government of the Republic of South Africa, unless it is demonstrated that such loans are conditioned upon governmental action which shall tend to end the system of apartheid.

D. The Vice-President and Chief Financial Officer shall report to the Regents within one year concerning the actions taken and corporate response or lack of response thereto.

E. The Regents shall consider selling the shares of any corporation which does not within a reasonable period of time adopt the Sullivan Principles and take reasonable steps to accomplish the other requests of the University in Paragraph A, above.

Regent Baker seconded the motion.

Regent Roach commented that the recent forum on South Africa and the discussions presented at this time advocate divestiture of the University's corporate investments in South Africa and divestiture or withdrawal from the Republic of South Africa by American corporations. Action of this kind would only mean that other investors would buy the stock or others would purchase and operate the vacated physical facilities. He felt that the most effective action that American corporations and the stockholders of American corporations could take was to be a positive force for peaceful change in South Africa. There is evidence of change at this time. With the government's permission the Sullivan Principles are being adopted by corporations in South Africa, the jobs reservation act has been amended, and there is an indication that the passbook laws will be changed. He said that changes can be brought about by the pressure of world opinion which can be expressed and voiced by American corporations remaining in the country and expressing these concerns. Therefore, he felt that this is the most appropriate action to accomplish an end to apartheid.

Regent Baker stated that the issue of disinvestment in South Africa had brought many diverse groups together including the Independent Socialists, the African Students Association, the Diocese of Lansing, the Revolutionary Communist Youth Brigade, the South African Liberation Committee and the Spartacus Youth League. Several organizations admit acceptance of the Communist ideology; in fact a hand bill circulated prior to the meeting called for a demonstration against the Regents, and in part stated that some of the groups . . . "supported the freedom struggle of oppressed peoples everywhere," and he would agree with that part of the quotation stating that freedom should be supported everywhere.

The Senate Advisory Committee on Financial Affairs report, in his judgment, was a biased report and did not impartially speak to the matter of the impact of disinvestment of University funds on the economy of South Africa. It went beyond its responsibilities and was clearly biased in its criticism of the American free market economy and this country's economic system. Further, the University Committee on Communications poorly handled their responsibilities in not inviting individuals who could fairly discuss the

actual economic impact of such disinvestment. Further discussions presented were one sided and subject to interruptions and discord by the various audiences. It is unfortunate that on such an important issue both Committees failed in their responsibilities.

The history of The University of Michigan in the past 150 years has encompassed many cataclysmic events including the Civil War and World Wars I and II and the Viet Nam War, but has never elected to take a position with regard to such issues in the sense that the Regents are discussing at this time. The emphasis on South Africa comes from a world wide effort of diverse parties who wish to change the South African government.

He said earlier that he supported the freedom struggle of oppressed peoples everywhere, and he called upon this group assembled here to do the same. However, if one is to be against evil one must be against it wherever it exists and not single out a particular place such as South Africa. For example, if we are to support freedom for oppressed peoples everywhere we must be against the persecution of the Jewish dissidents in the Soviet Union, we must be against the government of Uganda which has taken the lives of more than 100,000 people in recent years, we must be against the oppression in Cambodia where more than 3 million lives have been taken by the government in the past two years; we must be against oppression in Chile and we must be against the oppression of the Cubans in Africa where even today black men and women are being killed in Ethiopia by Cuban troops.

Regent Power commented that the question to which she has sought an answer is by what means can this University clearly and continuously express its opposition to the policies of institutional racism and apartheid in South Africa. She related an experience as a member of the United States delegation to the nineteenth general conference to UNESCO which took place on the African continent concerning one of the issues on the agenda. The item was a draft declaration of the uses of the media to combat war propaganda, racism and apartheid which the Soviet Union had attempted to bring to a vote. Actually, the declaration would restrict access by journalists outside of certain countries to report about those countries. Freedom of the press is in serious and perilous jeopardy in a good many parts of the world. Therefore, Regent Power concluded, a strong presence in South Africa is a means through which we can achieve this freedom, and corporate presence is a means through which change can be affected by engaging in aggressive and strong dialogue.

Regent Power then suggested the following amendments to the resolution moved by Regent Roach: Item 3, second line, delete the word *extremely*, and in the third line, delete the word *con-*

siderable; Under 4.A. after *stockholder* add "stating the University's strong opposition to apartheid and racial injustice and asking for:"; and under E, delete the word *consider* and substitute the word *sell* for selling.

Regent Roach commented that he felt the statement was stronger if the words in item 3 remained, therefore, he would oppose those amendments. He suggested that each amendment be considered separately.

Regent Power then moved for approval of the proposed amendments to Item 3. Regent Laro seconded the motion and it was adopted, with Regents Roach and Baker voting no.

Regent Power then moved for approval of the proposed amendment to paragraph 4.A Regent Dunn seconded the motion and it was adopted.

Regent Power then moved for approval of the proposed amendment to paragraph E.

Regent Roach indicated that the paragraph, as it stands, speaks to an affirmative action on the part of the Board. If it is determined that the corporations fail to meet these standards then this Board will consider the question of selling the stock. By adopting the amendment different interpretations could arise, such as, a corporation could adopt a statement essentially the same as the Sullivan principles but worded differently. Should the University administration and the Board of Regents be criticized for not selling that particular stock because the corporation's statement did not conform exactly to the wording of the Sullivan's principles?

Regent Laro commented that Regent Roach's point was valid. A corporation could easily take what we consider to be affirmative action along these lines in South Africa or other reasonable steps, but not in fact adopt the Sullivan Principles under their name. He said he would second the motion if Regent Power would reconsider and amend the motion to read that the Regents shall sell the shares of any corporation which does not within a reasonable period of time take reasonable steps to effectuate the purposes of this resolution.

Regent Power then moved for approval to amend paragraph E to read: The Regents shall sell the shares of any corporation which does not within a reasonable period of time take reasonable steps to effectuate the purposes of this resolution. Regent Laro seconded the motion.

Regent Laro stated that he applauded those persons here and elsewhere who are concerning themselves with the welfare of South Africa. Justice and human dignity and worth and freedom of life

require and demand that the University join them in their cause to make fundamental social changes. He said he was in full agreement with those who support discontinuance of apartheid. However, he felt that divestiture was neither the panacea nor the salvation. It appears that what those who spoke on this subject are seeking and what is needed is some symbolism that this University will neither permit nor condone the inequality of the treatment of people in South Africa. That symbolism does not have to occur at a cost of unnecessary commissions caused by the selling of stocks to others. He said he was concerned not only about inequality but also concerned about this country. There is a lack of confidence in this country, in American Business and in our government. In order for this University and this country to seek to bring about change, it is necessary to rebuild confidence in our country and our government by strengthening the economy, American business and this University.

In continuing, Regent Laro said that he supports the amendment to paragraph E because it means more than symbolism.

President Fleming then asked for the vote. The motion was adopted, with Regents Roach and Baker voting no.

Regent Baker then moved to amend the fourth paragraph to the resolution which begins WHEREAS. . . . to add after *unconscionable* "as are the oppressive practices of countries such as the Soviet Union, Uganda, Cambodia, Chile and Cuba." Regent Roach seconded the motion for the purpose of debate.

There being no further discussion the vote was taken. The motion failed with Regents Brown, Dunn, Laro, Nederlander, Power, Roach and Waters voting no.

Regent Roach then moved to approve the following resolution as amended. Regent Baker seconded the motion and it was adopted.

RESOLUTION

Resolution
Adopted

WHEREAS the Regents of The University of Michigan have received the Report and Recommendations of the Senate Assembly Advisory Committee on Financial Affairs (the Committee) on Investment Policies and Social Responsibility dated February 28, 1978, and

WHEREAS the Regents are in general agreement with the Report and Recommendations, and

WHEREAS the Regents agree that the issue of investments in corporations having business operations in the Republic of South Africa has become one of considerable concern to many of the University community, and involves extremely serious moral and ethical questions, and

WHEREAS the Regents believe that the system of apartheid and the oppressive practices of the Government of the Republic of South Africa related thereto are immoral and unconscionable,

NOW, THEREFORE, BE IT RESOLVED:

1. The policy reaffirmed by the Regents at their April, 1971 meeting with respect to the voting of proxies of corporations at shareholders meetings is modified as hereafter set forth.

2. When review and analysis of proxy materials and financial data indicates to the Office of the Vice-President and Chief Financial Officer that it is not in the financial interest of the University as a stockholder to vote in accordance with a management proposal, a recommendation shall be made to the Regents through normal investment review procedures concerning voting on such proposal, selling the stock, or other appropriate action.

3. If the Regents shall determine that a particular issue involves serious moral or ethical questions which are of concern to many members of the University community, an advisory committee consisting of members of the University, Senate, students, administration and alumni will be appointed to gather information and formulate recommendations for the Regent's consideration.

4. The Committee having served the function of such advisory committee with respect to the issue of investment in corporations doing business in South Africa, and the Regents having duly considered its report, and the comments and concerns of other members of the University community, the following action shall be taken:

A. The Vice-President and Chief Financial Officer shall send letters to corporations doing business in South Africa in which the University is a stockholder stating the University's strong opposition to apartheid and racial injustice and asking for:

(1) Affirmation of the Sullivan Principles.

(2) Corporate encouragement to endorse the enhancement of political, economics and social rights for all of the corporation's employees in South Africa.

(3) Regular reports to publicly disclose corporate progress toward achievements in these matters.

B. The University shall vote its proxies in favor of resolutions supporting the actions of A, above.

C. The University shall withdraw its deposits from and discontinue purchasing short-term money market instruments of those banks that hereafter make or increase loans to the Government of the Republic of South Africa, unless it is demonstrated that such loans are conditioned upon governmental action which shall tend to end the system of apartheid.

D. The Vice-President and Chief Financial Officer shall report to the Regents within one year concerning the actions taken and corporate response or lack of response thereto.

E. The Regents shall sell the shares of any corporation which does not within a reasonable period of time take reasonable steps to effectuate the purposes of this resolution.

The meeting was adjourned.