A Stated Meeting of the Trustees was held on Friday, 22 January 1982. Those attending included: Paul F. Miller, Jr. (chairman); Sheldon Hackney (president); Mary Ann Meyers (secretary); Thomas Ehrlich (provost); Gustave G. Amsterdam; Walter G. Arade; Samuel H. Ballam, Jr.; Julian S. Bers; Gordon S. Bock; Russell K. Brooks; Earl F. Brown; Richard F. Brown, Jr.; Howard Butcher III; McBee Butcher; Henry M. Chance II; Gloria Twine Chasum; Charles D. Dickey, Jr.; G. Morris Dorrance, Jr.; John W. Eckman; Seymour Finkelstein; Michael E. Gilson; Joseph B. Glossberrg; Donald G. Goldstrom; Bruce Graham; H. Samuel Greenawalt; F. Otto Haas; John James; Reginald H. Jones; Carl Kaysen; Ralph Landau; Leonard A. Lauder; Margaret R. Mainwaring; William A. Marquard; Anthony S. Minisi; John B. Neff; William D. Patterson; John H. Porter; Ralph S. Saul; Robert Montgomery Scott; Sara S. Senior; Irving S. Shapiro; David Simms; Wesley A. Stanger, Jr.; Frank K. Tarbox; Robert Trescher; Jacqueline Wexler; Charles S. Wolf; D. Robert Yarnall, Jr.; Maureen Anderson; Houston Baker; Vicki Bernstein; Lisa Blumenfeld; Joseph Bordogna; Eric Brachfeld; Lee Breslaw; Lee Brown; Stuart Carroll; Gary Christpher; Richard Clelland; Elizabeth Cooper; Andrew Condon; Mary Dailey; Helen Davies; Robin Davis; Christopher Day; Paul DeDonato; Thomas Ehrlich; Dwayne Everett; Linda Fink; Laura Foggan; David Frank; David Goldberg; Matthew Hall; William Hickey; Arthur Hirsch; Stanley Johnson; Woody Johnston; Edward Jordan; Madeleine Ojil; Thomas Langfitt; Edward Lawrence; Phoebe Leboy; Marshall Legder; Mark Levenson; Robert Lorndale; Steven Ludwig; Lynn Manko; Laverne Miller; Marguerite Miller; Susan Miller; Mary Nichols; William Owen; Mark Patman; Barry Peteron; Rebecca Quinn; Charles Richi; Andrew Robbins; Frances Rozenziski; Mark Rubenstein; Randy Seahillings; David Smith; Ralph Smith; Janis Somerville; Willis Stetson; Edward Szczepkowski; Ross Wether; Noel Weyrich; and Victor Wolski.

I. Call to Order

Chairman Miller called the meeting to order and an invocation was offered by the Rev. Mr. Johnson, the University chaplain. The minutes of the 22 October 1981 meeting were approved as written by the secretary.

II. Report of the Chairman

A. Action. Mr. Miller offered a Resolution of Appreciation for William J. Zellerbach which was approved as follows:

A graduate of the Wharton School in 1942, William J. Zellerbach served as an alumni trustee from 1971 to 1976 and as a term trustee from 1976 to 1981. As an alumni trustee he represented the alumni in the western states, the same constituency served by his father, Harold L. Zellerbach, a long-time trustee and benefactor of the University.

Maintaining the Zellerbach tradition of service to Pennsylvania, he was a member of the Investment Board and Audit Committee, bringing to bear the financial wisdom and sound business sense which have characterized his presidency of the Zellerbach Paper Company. Prior to the reorganization of the Trustee committees, he was on the Alumni Affairs Committee, Corporate Responsibility Committee, and Student Affairs Committee. The Trustees, who have had a Zellerbach in their ranks since 1956, will miss him.
RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the students, the faculty, the alumni, and the administration of the University, express to William J. Zellerbach their appreciation for his service.

B. Action. The chairman then presented a Resolution of Appreciation and Designation of Emeritus Status for Henry M. Chance II. It was approved as follows:

Son of a Pennsylvania alumnus, brother of an alumnus and distinguished faculty member, father of four Pennsylvanians, and himself a 1934 graduate in civil engineering, Henry M. Chance II served as a term trustee from 1964 to 1972. Since then he has been a life trustee. He has served on the Executive Board and now Executive Committee for the extraordinary period of 15 years. Joining the Finance Committee immediately upon his election as a trustee, he has been a strong and wise voice in financial management as a member and chairman of the successor bodies, the Finance and Operations Committee and the present Budget and Finance Committee. He has most recently chaired the Audit Committee and has served on the Investment Board since its inception in 1975.

Mr. Chance was a long-time member of the Board of Engineering Education, precursor to the present Board of Overseers, and chaired that body prior to his election as a trustee. He joined the Board of Overseers of the School of Engineering and Applied Science when it was organized in 1975 and has been a member of the Trustees for the Moore School of Electrical Engineering since 1974. He was a member of the former Board of Managers of the University Museum and gave generously of his time and counsel as chairman of the Trustees' Coordinated Planning and Long-Range Planning Committees and as a member of the Health Affairs, Operations and Plant, Student Affairs, Honorary Degrees, and Nominating Committees. His energy and enthusiasm are boundless as witnessed by his having contributed these myriad services to Pennsylvania while he pursued a successful career in engineering and somehow found time to follow his interests as a yachtsman and aircraft owner and pilot.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the students, the faculty, the administration, and the alumni of the University, express to Henry M. Chance II their thanks for his service and designate him trustee emeritus, effective 22 January 1982.

III. Report of the President

A. Dr. Hackney sketched the major items which have occupied his attention since he assumed the presidency. Promising a report in June on the problems which he believes will face higher education during the rest of the '80s and in the '90s, followed by an October report on the 1981-82 academic year, he emphasized that research and the curriculum are the "heart of the University," while the superstructure on which he has spent so much time exists simply to facilitate the effective pursuit of goals linked to what goes on in the laboratory, the library, and the classroom. Dr. Hackney pointed to his success in filling key positions with the "right persons" Tom Ehrlich as provost, Ed Jordan as executive vice president, Ross Webber, whom he would ask the Trustees to elect as vice president for development, Joe Bordogna as dean of engineering, Dick Clelland as deputy provost, Barry Cooperman as vice provost for research, and Marion Oliver, who will join the administration in the spring, as associate provost. He said that searches continue for a dean of the Law School and a director of the Museum, while a search has just been launched for a new dean of the School of Dental Medicine and a search for a new dean of the Wharton School will begin in the late spring. Don Carroll,
the president pointed out, has agreed to an extension of his term through 1982-83 to oversee the completion of the renovation of Dietrich Hall. He noted that Janis Somerville has announced her resignation effective 31 August and that a search for her successor will begin in the near future. "Jan has made marvelous contributions to the University," he said; "we will miss her remarkable talents and sensitivities, and can only wish her well."

Turning from personnel to organizational changes, the president spoke of the usefulness of the new Academic Planning and Budget Committee. He said the decision to bring together operational services, financial control and strategy functions, personnel relations, government relations, and communications under Mr. Jordan had proven "a very propitious move," although reorganization in this area is still underway. Affirmative action efforts, the president continued, have been gathered together in an office headed by Davida Ramey. As part of that move, Jim Robinson became director of community affairs, and Dr. Hackney noted that Mr. Robinson already has been remarkably successful in several activities, including an effort to increase University participation in United Way. To facilitate implementation of Pennsylvania's affirmative action goals, the president said the Council for Equal Opportunity has been transformed into a committee of affirmative action officers, which will work with Ms. Ramey. A new Affirmative Action Council of faculty and students also has been created to provide policy oversight. Meanwhile, considerable progress has been made in communicating hiring targets to various units within the University and a program is underway to train supervisors and affirmative action officers.

The "most important" undertaking of his administration, Dr. Hackney continued, was a retreat made by senior administrators and deans to consider "mid-term, mid-range problems" faced by Pennsylvania. "Six areas to which we have to devote considerable energy were identified," he said, and six working groups have now published draft proposals which are being discussed by the community. The new Academic Planning and Budget Committee will collect responses. The planning effort represented by these papers, Dr. Hackney said, should be viewed as a continuous process. Each year problems will be identified and mechanisms set up to solve them. They will involve the sorting out and selection of the best of possible options.

The president concluded by noting the severity of the financial constraints faced by Pennsylvania, particularly in the near term. "We are working to produce a budget for 1982-83 that will preserve our academic quality," he said. "We are trying not only to identify cost cuts but also other sources of revenue. I am very optimistic that despite the constraints under which we are operating, we will not only be able to conserve the quality of this great university, but enhance it."

B. Action. A Resolution on the Election of Ross A. Webber as Vice President for Development and Alumni Relations was approved as follows:
RESOLVED, that Ross A. Webber be appointed vice president for development and alumni relations, effective 1 June 1982.

C. Academic Report

1. Mr. Ehrlich noted that the University's problems can be opportunities for focusing its energies and resources upon what it does best. "There are many dimensions to our specialness," he continued, "but the one that strikes me most sharply is the extraordinary interaction between the liberal arts and the professional schools. No other institution of higher education anywhere links the two in so many different and exciting ways." The provost went on to say that Pennsylvania must press this and other comparative advantages in the 1980s.

2. Turning to recommendations on appointments, promotions, and leaves, he called attention to the proposal that Elijah Anderson be granted tenure as an associate professor of sociology. He described Dr. Anderson as "a scholar of the black experience in the United States," and pointed to the interdisciplinary nature of much of his work.

Action. A Resolution on Appointments, Promotions, and Leaves, for the period 20 November through 10 December 1981, was approved as found on pages 1 through 6 of the Meeting Book.

D. Financial Report

Mr. Jordan said that the University probably could look forward to a modest surplus of income over expenses in FY'82.

IV. Report of Trustee Committees

A. Academic Policy

Dr. Kaysen reported that a plenary session of the Academic Policy Committee focused on the recently released Task Force planning papers on undergraduate and on graduate education. He noted that the former, which was summarized by the provost, calls for more direct, face-to-face, interaction between undergraduates and senior faculty, renewed attention to competence in English exposition, and new efforts to assure that all faculties and students are familiar with the computer as an intellectual tool, which is having a revolutionary social and economic impact on their world. The chairman then observed that in his summary of the report on graduate education, Dean Bordogna stressed the central importance of the Ph.D. degree as a mark of the University's intellectual quality, the deficiencies Pennsylvania has, in comparison with peer institutions, in supporting graduate students and ways to make them up, and the need to consolidate Ph.D. programs, using available resources in carefully directed ways rather than simply spreading them about evenly. "I think we opened a successful discussion," Dr. Kaysen concluded, "and we will continue it."

B. Audit

Mr. Chance reported that the Audit Committee had received a report from Coopers & Lybrand. It indicated that all the questions raised with the comptroller in October had been satisfactorily answered by the University.
The chairman went on to say that fees and services for 1982 had been discussed, and it was concluded that there was a need for seven audits, including one for the Hospital of the University of Pennsylvania.

Action. A Resolution on the Appointment of Auditors was approved as follows:

RESOLVED, that Coopers & Lybrand be and hereby is appointed as accountant to audit the books of the University for the year 1982.

C. Budget and Finance

Mr. Eckman reported that the Budget and Finance Committee had learned at its meeting what Mr. Jordan had just told the Trustees, namely, that while the University had not been entirely accurate in projecting income nor entirely accurate in projecting expenses for FY'82, it could expect a slight surplus, barring unforeseen circumstances between mid-January and the end of June. The chairman went on to say that Dr. Hickey had reported on the development of the 1983 budget, Mr. Jordan had provided an update on the status of the University's tax-exempt financing program, and the committee had discussed two resolutions which it recommended to the Trustees.

1. A Resolution on Amending the University's Health Benefits Plan was approved as follows:

Intention:

Under current University policy, all permanent full-time faculty and staff are eligible to participate in the health benefits plan. But only full-time members of the Standing Faculty, and in some cases full-time members of the Associated Faculty, and senior administrative officers are eligible for University payment or contributions to premiums immediately upon employment. Others must complete six months of continuous service before they are eligible for University contributions; therefore, most new employees must either pay the full group rate for health benefits or forego the coverage.

We recommend that these waiting periods be eliminated for the following reasons:

1) Savings associated with the waiting period are relatively small when the administrative costs are applied against them.

2) The policy hampers our recruiting efforts for all those affected, but especially in the very tight secretarial market.

3) Because of the relatively large amounts which the University contributions represent, new employees often begin their careers at Penn with negative feelings towards the University as an employer.

The estimated net cost to the University associated with the proposed change is under $50,000 per year.

RESOLVED, that the Health Benefits Program be amended to provide, immediately upon employment, participation with University contribution to the payment of premiums to full-time faculty members who would regularly be entitled to all University benefits and to permanent, full-time staff members.

2. A Resolution Amending the University's Life Insurance Plan was approved as follows:

Intention:

Under current University policy, all permanent full-time faculty and staff are eligible to participate in the life insurance plan. But only
full-time members of the Standing Faculty, and in some cases full-time members of the Associated Faculty, and senior administrative officers are eligible for University payment or contributions to premiums immediately upon employment. Others must complete six months of continuous service before they are eligible for University contributions; therefore, most new employees must either pay the full group rate for life insurance or forego the coverage.

We recommend that these waiting periods be eliminated for the following reasons:

1) Savings associated with the waiting period are relatively small when the administrative costs are applied against them.

2) The policy hampers our recruiting efforts for all those affected, but especially in the very tight secretarial market.

3) Because of the relatively large amounts which the University contributions represent, new employees often begin their careers at Penn with negative feelings towards the University as an employer.

The estimated net cost to the University associated with the proposed change is under $10,000 per year.

RESOLVED, that the Group Life Insurance Program be amended to provide, immediately upon employment, participation with University payment of premiums to full-time faculty members who would regularly be entitled to all University benefits and to permanent, full-time staff members.

D. External Affairs

Mrs. Wexler reported that the External Affairs Committee had heard Communications Director Mary Nichols speak about public relations activities in the 18 months since she took office. The chairman noted that Mrs. Nichols has been emphasizing news service placement and coverage by that "informal, quasi-news service," The New York Times, for replication across the country. "I think the committee was heartened by the progress made in this area," Mrs. Wexler said, as well as by that reported by Mrs. Senior in the Alumni Task Force update.

E. Facilities and Campus Planning

Mr. Arader reported that Arthur Hirsch, the acting vice president for operational services, had brought the Facilities and Campus Planning Committee up to date on negotiations with the Sansom Committee. Further litigation is likely, the chairman said, but eventual resolution of the long-standing dispute between the University and owners of houses on the 3400 block of Sansom Street is expected to permit use of the site at 34th and Walnut Streets for faculty and staff housing. Mr. Arader noted that Mr. Hirsch and Mr. Jordan together discussed with the committee various options for development of that property, as well as property at 36th and Walnut Streets and on the site of the former Philadelphia General Hospital. Negotiations are currently underway between the University and the city for purchase of the former nurses residence on the PGH property, and Mr. Arader said that the committee urged that they be pursued aggressively because of the importance of the building to the University's future development. He observed that the committee had received a report on the acquisition of Chestnut Hall and expressed its thanks and appreciation for the gift.
Purchase of a residence on Chestnut Street for use as an intercultural center was discussed, the chairman said, and the committee learned that the University has entered a bid of $133,000 for the facility, which is owned by the Philadelphia Redevelopment Authority. Renovation will cost an additional $250,000, he noted, and the center will provide space for various minority-group clubs and activities. An update on the asbestos situation in University dormitories and classrooms was presented, Mr. Arader continued, and the Office of Operational Services is closely monitoring conditions. A consultant, selected on the basis of recommendations from a student committee, reports that while there is no present danger, disturbing ceilings could create a potential hazard, and the committee urged Mr. Hirsch to be sure students are made fully aware of that possibility. Mr. Arader went on to note that a delegation of student residents of Ware House had made a thoughtful presentation about lack of heat in their dormitory. Operational Services is looking into the problem and promises a speedy resolution, the chairman said. He concluded by observing that the committee had received a report on the University's Energy Conservation Program and it congratulated the Office of Energy Conservation for a "splendid job."

F. Nominating

Mr. Dorrance introduced three resolutions which were recommended to the Trustees by the Nominating Committee and the Executive Committee.

1. Action. A Resolution on Election of Life Trustees was approved as follows:

   RESOLVED, that Samuel H. Ballam, Jr. and Ralph Landau be elected life trustees, effective 23 January 1982.

2. Action. A Resolution on Election of a Term Trustee was approved as follows:

   RESOLVED, that Robert P. Levy be elected a term trustee for five years, effective 23 January 1982.

3. Action. A Resolution on Re-Election of a Term Trustee was approved as follows:

   RESOLVED, that Leonard A. Lauder be re-elected a term trustee for five years, effective 23 January 1982.

G. Resources

Mr. Jones began by noting that the first year following completion of the Program for the '80s was an excellent year, with subscriptions actually continuing at the same rate as in the first year of the campaign. In FY'82, he said, gifts from corporations and foundations, as of 15 January, are all that the University had hoped for—the former, at $4.4 million, are down just $300,000 from last year and the latter, at $12.6 million, are slightly ahead of FY'81. But gifts from alumni and friends, totaling $6.4 million less than last year, show a substantial loss of momentum, the chairman continued. He went on to note that total subscriptions for the year are $27.1 million compared with $34 million in mid-January of 1981. Mr. Jones then observed that 80 percent of all the subscriptions made during the campaign have been collected, a rate ahead of what had been forecast and budgeted. He said,
however, that he feared "a period of quietude unless we can get real support from all our trustees." The chairman concluded by reporting the Resources Committee's delight at the election of Dr. Webber as vice president for development and alumni relations.

H. Student Life

Mrs. Mainwaring reported that the Student Life Committee had sponsored a coffee hour for the dual purposes of informal interaction between trustees and students and dedication of the Gordon Bodek Lounge in Houston Hall. "It was successful on both counts and enjoyable in every way," she noted, and a similar event may be planned for the future. The chairman said the Student Life Committee would have a mid-term meeting.

I. University Responsibility

Mr. Brown commented that the "Report of the Committee on University Responsibility, With Recommendations, Concerning University Policy Relating to South Africa" (attached to the minutes filed in the permanent record and available in the Office of the Secretary) fulfilled a requirement of a resolution adopted by the Trustees in January 1980. The resolution, which was one of a series on South Africa, called for the committee to monitor the situation and report back to the board. The chairman pointed out that while the report of the University Responsibility Committee was being prepared, a distinguished study group, funded by the Rockefeller Commission, published what he called the "most knowledgeable compendium of the situation regarding South Africa available today." The University Responsibility Committee gave the Rockefeller Report the most careful consideration, Mr. Brown said, and it also took into account the comments and positions reached by various campus groups which considered the issue.

The premise from which the report starts, the chairman continued, is the committee members' abhorrence of apartheid. All agreed, he said, that the racist policies of the South African government toward its black majority were reprehensible and ought to be changed, but the report directs itself to what, if anything, the Trustees of the University of Pennsylvania ought to do about the situation. Mr. Brown summarized its recommendations as follows:

1. The Committee recommends reaffirmation of the first six resolutions adopted 18 January 1980, which covered the following areas:

   a. the adoption of sound principles of corporate practices by companies operating in South Africa;
   b. the adoption of policies by financial institutions limiting loans to the government of South Africa or state-owned corporations;
   c. cooperation with other institutions in the coordination and rationalization of efforts to oversee economic activity in South Africa;
   d. description of measures which the University would take if companies failed to take appropriate action, specifically including possible divestment;
   e. the encouragement and protection of forums for the free discussion of views on South Africa;
   f. the encouragement of educational opportunities in this country, and specifically at this University, for non-white South Africans;
   g. provision for review of the January 1980 resolutions in the fall of 1981.

SECRETARY
2. The Committee recommends against the adoption of a general institutional position concerning the conduct of the South African government.
3. The Committee recommends a policy concerned only with the management of the University's investment portfolio; and, in that context, the Committee recommends against complete divestment and in favor of selective divestment.
4. The Committee recommends no new or expanded investment in South Africa by companies in the University's endowment.
5. The Committee recommends use of Sullivan Report ratings as a basis for divestment.
6. The Committee recommends adoption of a social expenditure standard.
7. The Committee recommends auditing of company reports on employment practices in South Africa.
8. The Committee recommends educational initiatives at American institutions to assist non-white South Africans.
9. The Committee recommends that there be a presumption against retaining any shares in the event of a decision to divest but that the Committee be given authority to recommend retention of a nominal number of shares if retention could be justified on investment grounds and might serve a useful purpose.

The fourth recommendation, according to the chairman, was the one that evoked the most discussion within the committee and the one about which members found it most difficult to reach a consensus. Non-expansion, he said, was a principle endorsed by the Rockefeller Report, but some members of the University Responsibility Committee questioned it on both logical and practical grounds. If it was appropriate for companies to do business in South Africa, they asked, why should the companies not be allowed to expand their activities? Furthermore, they argued that it would be very difficult to monitor company intentions in regard to expansion. But we recognized, Mr. Brown said, that there is a possibility that the expansion of operations in South Africa will be viewed as a vote of confidence in the course of the current government, whereas the protection of existing investments in South Africa will not. If we urge companies not to expand their activities and they are at all responsive, the South African government might be persuaded to change its policies. "It's probably unlikely," he concluded, "but at least it's possible."

He then added that Judge Leon Higginbotham, the former chairman of the University Responsibility Committee, had asked him to inform the Trustees that if a previous court obligation had not kept him from the stated meeting, he would have voted in favor of the Resolution On Adoption of the Report of the Committee on University Responsibility to the Trustees, With Recommendations, Concerning University Policy Relating to South Africa, which Mr. Brown then moved as follows:

Intention:

In January 1980, the Committee on University Responsibility adopted seven resolutions setting forth the steps the University has since followed in its relationships with South Africa. The seventh resolution provided that the Committee on University Responsibility would review the 1980 resolutions in the fall of 1981. At the request of the University Council and its Ad Hoc Committee on South Africa, the Committee's report was postponed to January 1982. The report has now been completed and it was circulated to the Trustees in advance of today's stated meeting.
RESOLVED, that the Trustees adopt the recommendations contained in the Report of the Committee on University Responsibility to the Trustees, with Recommendations Concerning University Policy Relating to South Africa, dated December 17, 1981.

It was immediately seconded, and Mr. Miller asked for discussion.

Mr. Brooks offered an amendment to the effect the University of Pennsylvania divest itself of stock in all corporations operating in the Republic of South Africa within one year. The amendment was seconded by Mr. Simms. Speaking in support of the amendment, Mr. Brooks pointed out that various campus groups, including the Undergraduate Assembly, the Graduate and Professional Student Assembly, and the University Council, had called for complete divestment. He went on to say that, in his opinion, when the University adopted the Sullivan Principles it made an implicit statement that "the rights of South African blacks could be sacrificed in order to maintain our investment, which supposedly provides jobs and other benefits for those blacks. . . At best," he continued, "the Sullivan Principles provide some measure of equal opportunity in the workplace, . . .and I don't think that a position which holds out employment over basic human rights should be supported by an educational institution." Mr. Brooks observed that divestment had been described as "only a symbolic act." But in a situation where everyone agrees that the prospects for improvement are dim and where, indeed, outrages against blacks appear to be increasing, he said he believed "symbolism means something." Mr. Brooks concluded by requesting that trustees who were directors of companies operating in South Africa abstain from voting on the resolution before the board.

Dr. Chisum then made the following observation:

The issue of divestment in companies with operations in South Africa is a very complicated, multifaceted issue. There are some instances in which you may be forced into taking a stand on a moral issue whether you want to take that stand or not. The issue of divestment of the stock of companies which do business in South Africa seems to me to be one on which you take a moral stand on the side of human rights or against human rights. It is an issue with which I have wrestled personally for quite a while. I read with interest the new report of the committee. I reviewed its 1980 report, I talked at length to Rev. Sullivan and a number of other people who have been involved on a grass-roots level in aiding the plight of the oppressed people of South Africa. The regime in South Africa is one which for 300 years has brutally oppressed the non-white population. They have not only oppressed the non-white population in South Africa, they have brutally oppressed those white members of the population of South Africa who have sought to change the situation in South Africa. Any hope, therefore, of changing this situation from within South Africa seems to me to be futile. But a society is changed by outside influences only when there is some means of penetrating that society. Societies which do not wish to be changed by inside influences, but also do not wish to respond to outside influences, remove all methods of penetration, so there can be no outside influence. There is only one method which the South African government has left open for penetration of South African society and that means is through businesses which conduct commerce in South Africa. . . . Divestment seems to me to be a withdrawal of the voice of conscience of the world. Holding stock in companies in South Africa, through which we can exert some influence on those companies to subscribe to the Sullivan Principles and to improve the lot of the people in South Africa, seems to me to be the only means of putting the people of South Africa in a position to help themselves. I talked to Dr. Sullivan about his position on South Africa and he says the situation there is
dynamic and fluid. At this point he supports continued holding of the stock of companies operating in South Africa, while maintaining the possibility of selective divestment. Selective divestment is, perhaps, a way to make a statement and not just an empty gesture. An empty gesture is a futile move, as far as I can see. But to make some statement which is heard around the world (and we have some influence) seems to me to be a proper position. The issue of no expanded investment in South Africa seems to me to be a very practical position. It appears to be a means of putting pressure on the government of South Africa and, because this is a fluid and dynamic situation, at some future time there may be a reason for expanding investment in South Africa. At this point the recommendation of no new investment or expanded investment in South Africa seems to me to be a very practical means of achieving the ends sought by people of good conscience who are concerned about the plight of the oppressed people there. And for this reason, and because I do view it as a matter of conscience, I cannot support a position of complete divestment of companies doing business in South Africa.

Mrs. Wexler commented that because investment in South Africa is an issue on which there is "considerable difference of opinion among caring, thoughtful, concerned, moral people," it is critically important that "the corporate seal of the University not be placed on a single orthodoxy." She said she supported the original resolution. She did not support the amendment, she continued, because she believed its passage would represent "an abdication of Trustee responsibility to be the last guard of academic freedom."

Mr. Gilson expressed doubt that the University's investment policy in relation to South Africa "would necessarily limit the opportunity for a free exchange of ideas on campus." He said he agreed with Dr. Chisum that the continued involvement of American corporations in South Africa may be the only hope for changing a society which he believes desperately needs changing. He also noted that he was persuaded that the Sullivan Principles were the "most prudent way to measure how American corporations are reacting and responding to the situation in South Africa. But what I find missing from the University Responsibility Committee's report," he continued, "are dates, specific language rather than words like 'should,' and the notion that we ought not to be investing in companies that don't subscribe to either the Sullivan Principles or their substantial equivalent. The report clearly speaks of current investments, but it is not clear to me what our response would be to future investments."

Mr. Brown responded by describing the procedure followed by the Committee. He said:

We look at the existing portfolio and send letters to each of the companies in the portfolio which are contained on a list put out by the U.S. Department of Commerce as doing business in South Africa. We ask each of those companies whether they support the Sullivan Principles or some reasonable equivalent. If they write back and tell us yes, we then ask them what they are doing to implement those principles. When we get letters back from them, we evaluate their performance and try to decide whether it lives up to the standards we would like. Furthermore, the Sullivan group rates companies doing business in South Africa on their performance. We examine those ratings, and if we discover that, within a year or two after we have written to a company asking them what they are doing, their ratings have gotten worse or not appreciably better, at that point our committee considers whether to do something about it. We
have not done anything with respect to companies in which the University does not invest. We do not ask the investment adviser to assume the burden of trying to find out what a company that the University might invest in is doing in South Africa and how they feel about the Sullivan Principles. We think that is an unreasonable burden to impose. But we do try to monitor as best we can the performance of those companies in which we now invest.

Dr. Chisum then added that an indication of the potential of the Sullivan Principles for bringing about changes in the repressive South African regime was the defensiveness of the government. She went on to say that the Rev. Mr. Sullivan had made it clear to her that he considered the situation in South Africa not just an American problem but one belonging to the whole free world. His next thrust, she said, will be to increase pressure on the government by persuading corporations in Europe and Asia to adopt his group's principles. "For us to walk away from them," she continued, "is to say we accept the fact that this society cannot be changed by peaceful means. It is a step which people concerned about the oppressed in South Africa should take very, very reluctantly, and I am not willing to take it at this point. I am not willing to say that the only way South African society can be changed is through non-peaceful means which would impose even greater suffering on people who have already been brutally oppressed. I think it is a moral issue."

Mr. Brooks replied that he did not believe the way Pennsylvania handled its investment portfolio would affect the level or degree of academic freedom on campus. He said he did not think the Sullivan Principles were responsible for the fact that, in the past, the South African government has considered, albeit reluctantly, some degree of change. Indeed, he said he believed that, on two occasions, consideration of "change on a wholesale level" had followed violent incidents, a massacre and riot, which caused the South African government to fear large-scale withdrawal of foreign investment. "I think it is important to realize," Mr. Brooks continued, "that whether or not violence takes place in South Africa is not something that can be determined from the United States of America. [IIt] is going to be determined by the people of South Africa, black and white." He said he did not believe, furthermore, that the University could effectively monitor corporate compliance with the Sullivan Principles. He also questioned the assumption that American business could be a force for social change in South Africa since profit making was its prime concern. In any case, he concluded, American corporations operating in South Africa employ only a relatively small percentage of the black population, 50 to 70,000 people out of two million.

Mr. Simms then observed that the decision before the Trustees was clearly a moral decision. "But I am not convinced," he said, "that divestment is the proper course." He added that it might be required in the future. "I will be very surprised," he concluded, "if the issue goes away before something drastic happens in South Africa."

Action. The question was called, and Mr. Brooks' amendment was defeated.
In continuing discussion of the resolution, Mr. Scott said he had severe reservations about the appropriateness of voting all stockholders’ resolutions against expansion regardless of the variables in individual cases. "I will not oppose the committee’s recommendations," he continued, "but I have a lot of difficulty with the concept of presumptive voting instructions as contrasted to consideration of resolutions on a case-by-case basis. I feel it is a moral abdication."

Action. The Resolution on Adoption of the Report of the Committee on University Responsibility to the Trustees, with Recommendations, Concerning University Policy Relating to South Africa was approved.

J. Hospital Board of the University of Pennsylvania
Mr. Ballam reported that for the past five months the Hospital has had an excess of revenue over expenses of $2.7 million. The average length of a patient’s stay has been shortened somewhat, he said, and of all the medical school hospitals in the Delaware Valley, HUP had the highest occupancy rate for 1981. It had the most admissions of all medical school hospitals in the Philadelphia area, he added. The chairman went on to say that Phase III of the HUP construction program was on schedule and should be completed in the fall of 1983. He noted that a certificate of need for Phase IV will be filed with the Health Systems Agency. A new Short Procedures Unit has been opened, he continued, and it is expected that some 4,500 surgical procedures a year will be performed there. Mr. Ballam also observed that preparations for the annual Antiques Show, scheduled for April 20-24, are in full swing. He concluded by commenting on the publicity surrounding surgery performed at HUP on a young woman suffering from neuro-fibromatosis, commonly known as the Elephant Man disease. The enormously complex operation indicates, he said, the kind of extraordinary talent there is at the hospital, and its success "is a great tribute to the staff."

K. Investment Board
Mr. Neff began by noting that approximately two-thirds of the University’s Associate Investment Fund was in common stocks and one-third was in debt instruments of about a 14-year maturity. "We are essentially fully invested in both the stock and bond markets," he said. "Investment income per share grew almost 18 percent from 1979 to 1980 and 22.7 percent from 1980 to 1981. That record will be harder to match in the ensuing year," the chairman continued, "because the corporate environment should be somewhat diminished for both profits and dividends and there are likely to be fewer recycling opportunities where, traditionally, we sell stock which has increased in principal value and decreased in yield and re-invest in higher yielding securities. I’m hoping for an improvement of seven to 10 percent." Mr. Neff went on to say that at a current yield on common stock investments of 7.4 percent, up from 5.1 percent in 1979, the AIF has not lost its growth dynamic despite a 240-basis point improvement. "We have not had a very favorable wind to our back," he noted. "The Standard and Poor 500 Stock Average was
approximately 108 two years ago and now it is about 116. It's not the type environment in which to gain monumental unit increases nor dollar increases, although on a total return performance basis, the common stock portion of our portfolio has risen nearly 40 percent." As a basis of comparison, he pointed out that the S & P had increased a little less than 20 percent in that same two-year period, and, whereas the AIF bonds rose 5 percent, the Solomon Brothers Composite Index was down 3.4 percent. "The AIF unit value is up 26.2 percent since 1979," he said. "During 1981 it rose 11.3 percent and our equities increased 13.2 percent compared with the S & P decrease of 5 percent. I think we're structured well, but I would be frank to concede that if we got a very good up market, we would do well to keep up with the market. In a thrash-out period, not unlike the one we've just gone through," Mr. Neff continued, "we should do a little better. If we did have a zippy market, however, our total market value might climb from $161 million to $200 million, and that wouldn't be all bad."

Thanking and congratulating Mr. Neff, Mr. Miller commented that the chairman of the Investment Board had devoted a tremendous amount of time to looking after the University's portfolio. "The spread over the market is 18 percentage points in our favor," he continued, "and we're indebted to John, but we don't dare try to help him."

I. General Alumni Society
Mrs. Senior reported that the General Alumni Society had celebrated Benjamin Franklin's birthday with a Founders' Day luncheon on 16 January at which alumni awards of merit were given to Paul Miller, Dot Chaney, Gloria Chism, Bud Fretz, Dick Gordon, Ed Igler, Lou Beyer, Franklin Murphy, and Elizabeth Rose. "Our Alumni Center is scheduled for completion in May," she continued, "and we look forward to celebrating Alumni Day there." Mrs. Senior further noted that funds continued to be subscribed to the project, and there would be sufficient monies for a building-maintenance and program endowment. She concluded by noting that the Society had made some organizational changes, and said that members were very gratified by the support the president and the chairman gave to all GAS efforts.

V. Reports of the Overseers and Other Boards
A. Athletic Advisory Board
Mr. Greenawalt reported that the Athletic Advisory Board formed this past summer by President Hackney had met twice and at its latest meeting reviewed the draft Policy Statement on Athletics. "What has been created by President Hackney, Provost Ehrlich, and Athletic Director Charles Harris is," the chairman said, "a document the board feels will lead to much needed advances in athletics—advances that do not so much reflect a program in expansion as a program that is trying to provide the [support] base to make [possible the continuation of] what is presently and has been a tradition of excellence." He went on to note that in reviewing the statement with the board, President Hackney made six points about the new policy:
1. It commits the University to a goal of excellence in athletics and a program offering broad based opportunities for participants consistent with Ivy League principles.
2. It commits the University to equality of opportunity for male and female athletes.
3. It commits the University to pursuing students of the highest academic and athletic ability.
4. It recognizes that a successful team or individual effort is beneficial to the student athlete and those successes radiate throughout the entire community.
5. It implies that the University will allocate resources to athletic programs in a carefully planned manner.
6. It recognizes the need for a commitment on the part of the University and its alumni to an upgraded fund raising effort to support the statement’s goals.

The board’s questions, Mr. Greenawalt continued, concerned the funding needed to accomplish Pennsylvania’s athletic goals, and zeroed in on how short the present budget falls in providing that funding. "Several members," he said, "expressed the strong belief that there should be a review of financial aid packaging, within the spirit of the existing Ivy League agreement," for the purpose of enhancing Pennsylvania’s competitiveness. In the interest of fostering greater commitment on the part of alumni, he went on, the board made two recommendations:

1. Delineate the responsibility for coordinating aggressive recruiting effort.
2. Strengthen the primary responsibility for fund raising through the Weightman Society.

In a short time, Mr. Greenawalt concluded, the Athletic Advisory Board has established "a base for strong alumni involvement in the University's athletic future. "It is committed," he said, "to making athletics a sphere of excellence. The policy statement is a good beginning."

B. Engineering Overseers
In bringing the Trustees up to date on the five-year planning process undertaken by the School of Engineering at the behest of its overseers, Dr. Landau observed that a major problem had been that the system of financial analysis used by the University did not permit differentiation among possible scenarios for the future development of individual schools. "We were forced," he said, "to proceed with a specific incremental analysis of the Engineering School itself." It was carried out during the summer and fall, and Dr. Landau pointed out that participants included the engineering faculty, Dean Joseph Bordogna, Acting Budget Director William Hickey, Associate Treasurer Edward Lodge, and O. John Bondy of the Comptroller's Office. His firm, the Halcon S.D. Group, Inc., lent its assistant treasurer to the University for some five weeks to help focus the effort. "The study is now completed, and will be presented to the Engineering Overseers at their next meeting. Dr. Landau promised to share recommendations with the Trustees after presenting them to the administration.
C. Museum Overseers

1. Mr. Trescher spoke with satisfaction about Acting Director Robert H. Dyson's talk to the Trustees at a luncheon on 21 January. He reiterated Dr. Dyson's observation that the Museum's short-term needs are entirely structural and will require some $2.9 million in new funds. He then observed that the acting director had accomplished a great deal in the relatively small amount of time he had been able to devote to his new responsibilities while remaining dean of the Faculty of Arts and Sciences. "Morale is excellent," Mr. Trescher said. "We've succeeded in obtaining a development staff person, and we've been able to do a modest amount of refurbishing." He went on to note that a "potential time bomb" had been removed from the roof in the form of a collection of old negatives which, when they deteriorate, form nitroglycerine. "Thanks to Otto Haas and some others," he said, "the negatives have been taken out of storage and re-processed on non-burnable paper, so they are now available for use." Mr. Trescher further observed that a security problem had been solved. He said the president and he were about to solicit a foundation in the South for a major grant. "I am grateful to the trustees who responded to my appeal to become Museum fellows," he continued. Then he noted that a consultative committee, which has been reviewing candidates for director, was hard at work and hoped to present names to the president within a month or so. "With a full-time director in place," Mr. Trescher said, "we all feel confident we can expect steady forward movement toward the renaissance of the Museum."

2. Action. The chairman then introduced a Resolution on An Appointment to the Board of Overseers of the University Museum which was approved as follows:

RESOLVED, that Lillian D. Rojtman Berkman be appointed to the Board of Overseers of the University Museum for a three-year term, beginning 1 February 1982.

D. Resolutions of appointments to other boards were presented for action by Mr. Miller.

1. Action. A Resolution on Appointment to the Advisory Board of the Institute of Contemporary Art was approved as follows:

RESOLVED, that Susan Davidson Ravenscroft be appointed to the Advisory Board of the Institute of Contemporary Art for a three-year term, beginning 1 February 1982.

2. Action. The Resolution on Appointments to the Board of Managers of the Wistar Institute was approved as follows:

RESOLVED, that the following individuals be appointed for one-year terms to the Board of Managers of the Wistar Institute, effective 23 January 1982.

Mr. George B. Barnard, Mr. Frank G. Binswanger, Sr., Mr. Herbert W. Blades, Mrs. T. Wistar Brown, Mr. John T. Dorrance, Jr., Joseph N. DuBarry IV, Esq., Dr. Harry Eagle, Mr. John W. Eckman, Mr. Robert A. Fox, Dr. David R. Goddard, Mrs. Monroe Green, Mr. Harris N. Hollin, Dr. Elwood V. Jensen, Dr. George B. Koelle, Dr. Thomas W. Langfitt, Mr. W. Thacher Longstreth, Dr. Peter C. Nowell, Mr. Richard S. Ravenscroft, Mr. Gerald B. Rorer, Mr. Isadore M. Scott, Mr. E. Robert Thomas, Jr., Mr.
Owen Jones Toland, Jr., Mr. Howard S. Turner, Dr. Thomas Peter Bennett (ex officio), Dr. Ruth Patrick (ex officio), Mr. Mario V. Mele, Dr. Donald Vail Rhoads (ex relative).

3. Action. The Resolution on Appointment to the Board of Overseers of the School of Nursing was approved as follows:

RESOLVED, that Lillian S. Brunner, Harvey S. Shipley Miller, and John H. Porter be appointed to the Board of Overseers of the School of Nursing for three-year terms, beginning 1 February 1982.

4. Action. The Resolution on Appointment to the Board of Trustees of the Hospital of the University of Pennsylvania was approved as follows:

RESOLVED, that Sylvan M. Cohen be appointed to the Board of Trustees of the Hospital of the University of Pennsylvania for a three-year term, beginning 1 February 1982.

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University