APPENDIX II

June 19, 1987

REPORT OF THE
COMMITTEE ON UNIVERSITY RESPONSIBILITY
TO THE TRUSTEES

The protracted struggle of the nonwhite majority of South Africans against the abhorrent system of apartheid has occupied the attention of the University community for almost a decade. As the debate has raged over the fastest and most effective means of ending apartheid, a major focus of the discussion has been institutional investments in companies that do business in South Africa.

The Trustees have reviewed the University's policy concerning South Africa and South Africa-related investments in 1978, 1980, 1982, 1984 and, most recently, in January and June 1986. The June 19, 1986 Report (the "Report") of the Committee on University Responsibility (the "Committee") includes a detailed chronology and explanation of the University's position on these issues. In the Report, the Committee expressed its concern over the intransigence of the South African government and declared that "the time for meaningful change is now, not at some unspecified future date." On June 20, 1986 the Trustees adopted the Committee's policy recommendations and passed a resolution which provides in part that:

If the Committee . . . determines that by June 30, 1987, substantive progress has not been made by the South African government in dismantling the legal structure of apartheid, as defined in its report dated June 19, 1986, the Committee will ask companies in which the University owns stock, bonds or debentures to withdraw from South Africa. If a company fails to withdraw from South Africa within a reasonable period of time thereafter, which period shall not extend beyond June 30, 1988 unless a company satisfies the Committee that extraordinary circumstances require an additional period, the Committee will recommend that the University divest its holding in that company.

The Trustees' June 1987 deadline has arrived. The Committee must now evaluate whether substantive progress has been made in dismantling the legal structure of apartheid.
In the Report, the Committee declared that it would define "dismantling the legal structure of apartheid" to include the "elimination of the laws and conditions attendant to apartheid that deny human rights, civil liberties, political rights, and individual economic opportunities to the nonwhite majority of South Africans." In evaluating whether "substantive progress" in this area has occurred, the Committee stated that it would require that "all or substantially all of the following steps [be] taken":

- The Government of South Africa has eliminated the system which makes it impossible for black employees and their families to be housed in family accommodations near the place of employment. [Black (Urban Areas) Consolidation Act.]

- The Government of South Africa has eliminated policies that restrict the rights of black people to seek employment in South Africa and to live wherever they find employment in South Africa. [Black (Urban Areas) Consolidation Act; Group Areas Act.]

- The Government of South Africa has eliminated policies that make distinctions between the South African nationality of blacks and whites. [Population Registration Act; Natives (Abolition of Passes and Co-ordination of Documents) Act; Reservation of Separate Amenities Act.]

- The Government of South Africa has ceased removals of black populations from certain geographic areas on account of race or ethnic origin. [Group Areas Act; Black Administration Act.]

- The Government of South Africa has eliminated residence restrictions based on race or ethnic origin. [Group Areas Act; Black (Urban Areas) Consolidation Act; Black Lands Act.]

- The Government of South Africa has taken meaningful steps to ensure the effective sharing of political power in South Africa with all nonwhites.

Based upon these criteria, the Committee must regretfully conclude that the South African government has not made substantive progress in dismantling the legal structure of apartheid.
The system of laws and regulations which made it impossible for black employees and their families to be housed in family accommodations near the place of employment has been partially eliminated. The Black (Urban Areas) Consolidation Act and other influx control laws have been repealed, and black South Africans are no longer required to carry passbooks. However, the Group Areas Act and a host of immigration statutes still prevent both the nonwhite majority of South Africans and alien laborers from living with their families in the location of their choice.

The Government of South Africa has not eliminated many of the policies that restrict the rights of black people to seek employment in South Africa and to live wherever they find employment in South Africa. The Group Areas Act remains on the statute books, prohibiting nonwhites from living in areas designated "whites only." The Black (Urban Areas) Consolidation Act has been abolished, but the South African immigration and alienage laws still classify citizens of the "independent" homelands (Transkei, Bophuthatswana, Venda, and Ciskei) as temporary sojourners within South Africa. In addition, migrant workers from Mozambique and other countries, who constitute a significant portion of the South African labor force, are still not permitted to move freely from job to job or from one residence to another.

The Government of South Africa has not eliminated all of the policies that make distinctions between the South African nationality of blacks and whites. While in July 1986 the Natives (Abolition of Passes and Co-ordination of Documents) Act was repealed, the South African government has not yet moved to restore South African citizenship to many citizens of the "independent" homelands. The ultimate cornerstone of apartheid, the Population Registration Act, remains in full force and effect, designating each South African as a member of a discrete racial community. The Reservation of Separate Amenities Act still authorizes the provision of separate and unequal transportation, recreational and other facilities to nonwhite South Africans.

The Government of South Africa has not ceased its removals of black populations from certain geographic areas on account of race or ethnic origin. As previously noted, the Group Areas Act has not been rescinded. Portions of the Black Administration Act have been repealed, but according to the South African Institute of Race Relations, the Government is pressing ahead with plans to incorporate various black townships into the "independent" homelands and to eliminate "black spots" in white residential areas.

The Government of South Africa has not eliminated residence restrictions based on race or ethnic origin. The Group Areas Act and Black Lands Act still relegate nonwhite South Africans
into race-specific residential townships. While at times the government has been somewhat lax in its enforcement of these statutes, South African law still requires segregated housing and schooling. However, the Black (Urban Areas) Consolidation Act has been annulled.

The Government of South Africa has not taken meaningful steps to ensure the effective sharing of political power with all nonwhites. Black South Africans are still not represented in the South African Parliament, and while the "Coloured" and "Indian" communities have nominal representation in that body, they do not possess any real power. The Afrikaners have shown little or no willingness to relinquish their political control over the nation. Indeed, the May 1987 elections further entrenched P.W. Botha's Nationalist Party and markedly strengthened the position of the Conservative Party which advocates the retention of traditional apartheid.

Therefore, in accordance with the Trustees' June 20, 1986 resolution, the Committee has determined that substantive progress has not been made by the South African government in dismantling the legal structure of apartheid. Because of withdrawal by many companies, there are only three companies in the University's endowment which still are doing business in South Africa. As of June 19, 1987, they are Tenneco, Caterpillar, and Boeing.* The Committee now intends to ask those companies to withdraw from South Africa. If a company refuses to withdraw or fails to withdraw from South Africa within a reasonable period of time, which period shall not extend beyond June 30, 1988 unless a company satisfies the Committee that extraordinary circumstances require an additional period, the Committee will recommend that the University divest its holdings in that company.

*At any given time, the University also holds small quantities of stocks and bonds which the University received from donors. These gifts of securities (some of which may be South Africa-related) are customarily sold within a month by the Office of Investments.