



**Board of Regents**

1860 Van Hise Hall  
1220 Linden Drive  
Madison, Wisconsin  
(608)262-2324  
email: [board@uwsa.edu](mailto:board@uwsa.edu)  
website: <http://www.uwsa.edu>

DATE: December 15, 2004

TO: Fayyad Sbaihah, Al-Awda: The Palestinian Right to Return Coalition  
Mohammed Abed, Alternative Palestinian Agenda

FROM: Regent Mark J. Bradley  
Chair, Business and Finance Committee  
Board of Regents of the University of Wisconsin System

SUBJECT: **UW System Trust Funds' Investments in Caterpillar Inc.**

The members of the Business and Finance Committee and other Regents of the University of Wisconsin System present at the Annual UW System Trust Funds Public Forum held on November 4, 2004, would like to thank you and other speakers for the thoughtful, passionate oral and written remarks and material provided to us. We wish to convey to you our compassion for all those who have suffered and are suffering as a result of the long-standing Israeli-Palestinian conflict. We sincerely hope that the peace process is about to be renewed with a sustained vigor that will result in a lasting peace between viable, separate Israeli and Palestinian states.

Needless to say, this conflict and the history of the land and peoples involved are extremely complex. As if the many "enumerated wars" between the militaries of Israel and its Arab neighbors over the past 50 plus years were not tragedy enough, sadly, human rights violations and atrocities against civilians have also been committed by both sides of the conflict.

And, as you know, the fact that the United States Government counts Israel as an ally and provides significant financial and military support to that state, results in many, many U.S. companies trading and doing business with Israel either directly or indirectly, through government programs for instance. Also as a result of this relationship, the U.S. taxpayer and the investors in the debt issued by the U.S. government implicitly contribute to this aid. All of this is inextricably linked with the long-term relationship that has existed between the U.S. Government and Israel. (We are encouraged, however, by recent signs that the peace process between Israel and Palestine may be restarted and that the current U.S. administration continues to express its support of an independent Palestinian state.)

Given the above, even if we were to take the position that Israel is the only party in the conflict that violates international and humanitarian laws and conventions, it would be difficult to disengage in a consistent fashion from all investments that could have some ties with Israel, and remain a U.S.-based institutional investor. However, we would still find compelling, arguments against investing in a company that provided a particular product (or service) or weapon designed specifically to abet such violations of international and humanitarian laws.

The focus of your presentations at the Public Forum was the specific suggestion that UW System Trust Funds divest, and screen from further investment, its holdings in Caterpillar Inc. because that company's bulldozers are used by the Israeli army to destroy Palestinian homes and other properties. Your remarks also suggest that Caterpillar has designed/retrofitted some of its bulldozers specifically for these purposes. While there is irrefutable evidence that Caterpillar bulldozers have been used by Israel for these purposes, we have not found evidence that Caterpillar is producing and distributing an

armored bulldozer specifically designed/retrofitted for Israel. Rather, the evidence we have found suggests that Israel obtains Caterpillar's standard D9 and D10 bulldozers and retrofits them itself with armor and arms. If this is in fact the case, then certainly there are other manufacturers that would supply similar products in the absence of Caterpillar's, as they are not the only company making heavy-duty earth-moving equipment. Thus, we believe that divesting, even if it could result in Caterpillar ceasing to supply Israel with bulldozers, would have no impact on halting the practices of the Israeli Army about which you spoke at Public Forum.

Again, we thank you for your informative and compassionate input on this issue.

cc: Regent President Marcovich  
Regent Vice President Walsh  
Regent Business and Finance Committee  
Secretary Temby