

STATEMENT OF THE HONORABLE THOMAS H. KEAN

GOVERNOR OF NEW JERSEY

CONCERNING DIVESTITURE OF NEW JERSEY STATE PENSION FUNDS

FROM COMPANIES DOING BUSINESS IN SOUTH AFRICA

AUGUST 20, 1985

Over the past several weeks and months, the situation in South Africa has deteriorated significantly.

Over 600 people have died in the last year, virtually all of them black, and many of them at the hands of the government or its agents.

Since the state of emergency was declared on July 20th, over 1,700 people have been taken into custody by the government. More than 1,000 remain in custody.

With each day, the reports of violence -- and of violent repression -- grow more voluminous and more troubling.

Most troubling of all, the brutal system of apartheid lives on -- and the government of South Africa has shown no apparent willingness to change it.

The grim reality which is being exposed in the daily news reports from South Africa cries out for a response from all concerned and thinking human beings.

Today, I would like to outline my response.

If one thing has become increasingly clear in the months that we have been considering this bill, it is that apartheid is an anathema to everything we stand for in this democracy, and in this state.

Our country was founded on the premise, stated in the Declaration of independence, that all men are created equal, that they are endowed with certain inalienable rights, that governments are instituted to secure these rights, and that governments derive their powers from the consent of the governed.

The practice of apartheid is in direct contravention of all of these principles.

Moreover, apartheid is a unique example of the institutionalization of racism and the codification of inequality.

At some point, certain evils become so intolerable that we as a people must stand up and object. For apartheid in South Africa, that moment is now.

Today, I would like to announce my support for legislation which would require the Division of Investment to divest New Jersey public pension funds from banks and companies doing business in South Africa.

At the same time, I am asking the Legislature for a measure which would give the Governor the authority to modify the divestment process based on the future actions of the South African government. That measure would only come into play if there is a dramatic and demonstrable effort by the South African government to end apartheid.

This policy does two things: first, it registers our total disapproval of apartheid, and our abhorrence at its continuance. But second, it gives us the ability to react to change, should change occur.

In other words, it employs the stick, but it holds out a carrot for improvement.

This policy is based on the premise that what we are seeking to change is not necessarily the behavior of United States companies operating in South Africa, many of whom are among New Jersey's finest corporate citizens. In fact, many of them have taken significant actions to improve the welfare of black workers and their families in South Africa.

Instead, our policy reflects the desire to change the behavior of the South African government itself -- and to register total disapproval of the course of events in South Africa.

As I said, it also includes a mechanism for expressing our continued concern with the situation in that country, and our continuing desire to see an end to apartheid.

To underline the continuing nature of that concern, I am also taking two other steps today: first, I am asking the state Treasurer to conduct a review of all purchases made by the state of products which are manufactured in South Africa. And second, I am asking the state Treasurer to conduct a review of all of the practices of the companies doing business in South Africa from whom the state purchases major goods and services.

These further steps will serve to emphasize the seriousness of our commitment to combat the injustice of apartheid, and may well provide another means of exerting pressure for reform in that troubled land.

As you know, there has been a great deal of debate on the question of divestiture in recent months.

Many have expressed concern about the economic consequences to the state pension fund and its beneficiaries. And several responsible fiscal analysts have said that the state pension fund could suffer a loss of revenue.

I take that argument very seriously -- and there may well be a loss to the pension fund. But the issue of investments of South Africa is not merely an economic issue. It is a profoundly moral one as well, one so compelling that economic arguments against divestiture -- however persuasive in a fiscal sense -- pale in comparison to the moral imperative of working to end apartheid.

It has been argued that it is not within the power of New Jersey state government to make foreign policy -- that the Constitution places this responsibility with the Federal government.

That may be true, but there are instances in human history when an evil is so clear, and its cost so great, that governments -- at every level -- are compelled to act. I believe that apartheid is such an evil.

Beyond that, I believe that governments, in a democracy, have a unique responsibility to speak out, and to act, on issues of such overriding importance.

The state simply cannot escape involvement in the question of investment in South Africa. New Jersey public pension funds represent the forty-second largest portfolio of investments in the nation. Those investments can be potential instruments for change; or they can be sources of support for the apartheid structure. Our actions can help determine which.

Finally, some have argued that the state should not divest pension investments from those companies that have signed the so-called Sullivan Principles and are actively working to improve conditions for black workers in South Africa.

At one time, I also believed that a different course of action from divestiture was justified.

Unfortunately, recent events in that troubled country -- and specifically the actions of the government of South Africa -- make it clear that any other course of action is morally indefensible.

The current situation in South Africa screams out for a strong response.

The time has come for all who care about freedom, about equality, about justice, and about human dignity to take a stand against apartheid.

Today, New Jersey is taking such a stand.