



# STATE OF MINNESOTA

SF 1637

OFFICE OF THE GOVERNOR

ALBERT H. QUIE  
GOVERNOR

ST. PAUL 55155

March 22, 1982

The Honorable Jack Davies  
President  
Minnesota Senate

Dear Senator Davies:

After careful consideration, and following consultation with a number of concerned groups and individuals, I feel it is necessary, both in my capacity as Governor of the State of Minnesota and as Chairman of the State Board of Investment, to veto Senate File 1637. I have not signed this bill nor filed it with the Secretary of State.

I deplore discrimination anywhere on the basis of race, religion, color, creed or sex as much as any member of the Legislature. The system of apartheid, which is institutionalized in South Africa is a morally repugnant and unacceptable practice. However, it is my belief that S. F. 1637 would have no impact on the policies of the government of South Africa, but, rather, would simply have an impact on the ability of the State of Minnesota to maximize its investment returns for the retirement and State funds managed by the State Board of Investment.

My decision to veto this bill is based on two factors:

1. A number of individuals from the investment community, have expressed concern about any legislation which would reduce the Board's investment flexibility. In addition, the applicability standard established in Section 2 of the bill is unclear and may broaden the scope and impact of the legislation to make it more far-reaching than intended by the Legislature. The State would likely be involved in expensive and lengthy litigation.
2. The State Board of Investment has demonstrated its commitment to promoting corporate social responsibility by actively voting its proxies to effect social and economic change. By prohibiting future investments in certain financial institutions, S. F. 1637 would deprive the Board of its ability to influence through positive actions the loan policies of these institutions. I believe that the State of Minnesota can have a greater

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impact on these companies by owning their stock and by voting the State's proxies. There is little evidence that prohibiting the State's investment in these institutions will result in any outcome other than having those securities purchased by other investors.

For the foregoing reasons, I believe that this bill must be vetoed.

Sincerely,

A handwritten signature in cursive script that reads "Albert H. Quie". The signature is written in dark ink and is positioned to the right of the typed name.

ALBERT H. QUIE  
GOVERNOR

Enclosure