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Getting the state out of terrorism

Opinion

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Vermont's move to ensure that state pension funds won't be invested in governments and companies linked to terrorism or genocide is sound policy that reflects a pragmatic approach to a moral issue.

State Treasurer Jeb Spaulding announced on Monday that the Vermont Pension Investment Committee adopted the policy "striking a balance between their foremost responsibility to achieve the best possible risk-adjusted investment returns, and the moral imperative to do their part to put an end to terrorism and genocide."

By Spaulding's own rough estimate, very little of the state's pension money is invested in this country's enemies or those involved in genocide. The exact extent and nature of Vermont's exposure to these kinds of investment will be part of a February report from the investment fund managers.

Spaulding, who said he has been working on the policy for at least a year, stresses that the policy isn't about automatically selling any company that does business in countries linked to terrorism. "As an investor, divestment is absolutely the last gasp for me," he said. "We believe in active engagement."

That means Vermont might hold onto a company's stock even if it does business in, say, Sudan whose government has been accused of aiding militia accused of genocide. The test will be if the company's activities in that country contributes to the genocide. The "active engagement" Spaulding talks about would cover a company that is using its economic influence to help the people who are the targets of genocide, or to nudge governments away from such policies.

A policy that recognizes the shades of gray -- recognizes that a company's involvement in a Sudan or a North Korea can cover a wide spectrum -- in dealing with such a complex issue is not only smart, but realistic. Also realistic is the notion that staying away from investments linked to terrorism and genocide is a way to protect the money on which thousands of Vermonters count on for their retirement. That's another aim of the policy, to reduce the risk to the pension funds' investment portfolio.

It turns out keeping Vermont pension money away from terrorists is good and can be good for you.