Chairman Dr. Pan, Vice Chairman Morrell, and distinguished Members of the Committee, the Armenian Assembly of America (Assembly) submits the following testimony and urges the Senate Standing Committee on Public Employment and Retirement to vote in favor AB 1597, the bill to prohibit investments of California’s public employee retirement systems in any investments vehicle issued by, owned, controlled, or managed by the government of Turkey.

Established in 1972, the Armenian Assembly is the largest, nationwide, non-partisan Armenian American advocacy organization promoting public understanding and awareness of Armenian issues. We seek to maximize the effectiveness of U.S. assistance to and strengthen the United States’ and California’s relationship with Armenia and Artsakh. With Armenia’s commendable demonstration of democracy in action this April and May, we strongly encourage Members of the California State Legislature to travel to Armenia to reinforce Armenia’s democratic institutions, encourage trade opportunities, and further strengthen California-Armenia relations.

Throughout the past six decades, California has been an exemplar to fellow states with respect to the passage of resolutions and proclamations in reaffirmation of the genocide, as well as with legislation stipulating the teaching of the Armenian Genocide in statewide public schools.

In stark contrast to the Golden State’s clear position on genocide recognition and education, the Turkish state mandates the teaching of genocide denial in its schools, and continues a decades-old policy of discrimination towards Armenians and other minority populations.

The government of Turkey, rather than acknowledging the Armenian Genocide and coming to terms with its past, continues its campaign of denial despite the fact the Armenian Genocide has been affirmed by the International Association of Genocide Scholars (IAGS), a preeminent organization on the subject matter, which is dedicated to the research and teaching about the nature, causes, and consequences of genocide, as well as advancing genocide prevention. In addition to the loss of 1.5 million lives, Armenians were dispossessed from their three millennia-old homeland. Despite the Turkish government’s policy of genocide denial and its efforts to blackmail governments worldwide to refrain from recognizing the Armenian Genocide, nearly 30 countries, including the United States, have reaffirmed the veracity of the Armenian Genocide. In addition, 48 states have formally recognized the Armenian Genocide, including the State of California.

In recent years, Turkey’s civil and human rights record has been abysmal. Since 2005, under Article 301 of the Penal Code and Article 8 of the Anti-Terror Act, Turkish journalists, academics, human rights and civil society advocates, and representatives of its legal and judicial communities have been arrested and imprisoned for “insulting public officials” or “carrying out crimes against the state.” Shortly before his assassination in 2007 by a Turkish nationalist supported by a cell of co-conspirators, the highly-respected journalist and human rights defender, Hrant Dink, was baselessly charged and prosecuted under Article 301. Disturbingly, a long-time leader of Turkey’s pro-minority Peoples’ Democratic Party, Member of Parliament Garo Paylan,
was recently charged under Article 301. Members of Turkey’s vocal minority communities, including Kurds, Alevi, Armenians, Assyrians and Greeks have especially been targeted for arrest and imprisonment under articles 8 and 301. In addition, according to the Committee to Protect Journalists, Turkey was the worst jailer of journalists in 2017, and the Erdogan regime regularly refers to imprisoned journalists – 73, in total, at this juncture – as “terrorists, child molesters, and murderers.”

Turning to critical regional issues, contrary to the Turkish government’s spin, Ankara has neither acted as a good-faith partner of the global coalition to degrade and defeat ISIS, nor has made sufficient strides to mitigate the scourge of terrorism and Islamic extremism in the greater Middle East. According to David L. Phillips, the Director of the Peace-building and Human Rights Program at Columbia University, the Turkish state has materially aided and abetted ISIL, Jabhat Fateh al-Sham (also known as al-Qaeda in the Levant), and other terrorist organizations wreaking havoc in Syria and Iraq. Phillips collected evidence of the Turkish state’s direct involvement in the oil trade with ISIL, its complicity in allowing terrorists to traverse into Syria and Iraq from Turkey, and its provision of offensive weapons, military materiel, and medical attention to members of various terrorist groups.

In spite of the aforementioned facts, California’s public retirement systems – CalPERS and CalSTRS – jointly have investment holdings in bonds directly issued by the Republic of Turkey in excess of $770 million. Such large-scale investments indirectly aid and abet Ankara’s state-sponsored policy to deny the Armenian Genocide.

Further, Turkey’s repression towards its Kurdish minority and violation of its neighbors’ territorial integrity have exacerbated tension in the region, and heightened the level of risk for foreign direct investment. The tenuous security situation has had a deleterious effect on the Turkish economy, with Moody’s Investors Service placing the government of Turkey’s Ba2 long-term issuer ratings, Ba2 senior unsecured bond ratings, and (P)Ba2 senior unsecured shelf ratings on review for downgrade. Rising inflation in Turkey, hovering around 11% in 2018, coupled with rampant unemployment, and a significant decline in the value of the Turkish Lira against the United States dollar and the Euro, should be factored into the risk analysis of investing in Turkish government-owned and controlled assets, bonds, and other investment vehicles.

The purpose of AB 1597 is to craft a sensible policy, which refrains from financially rewarding and investing in foreign governments that undermine democracy and trample upon the basic human and civil rights of its citizens. The approval of this bill would send a clear signal to residents of the Golden State that California values investment options that are in accordance with its legislative policies and principles in protecting and upholding universal human and civil rights, the rule of law, and the freedom of expression within the state and throughout the globe. Indeed, as the world’s sixth largest economy, California demonstrates an exemplary record of leading the way in the adoption of divestment legislation. The solid record includes the California State Legislatures divestment from South Africa, spearheaded by then Governor George Deukmejian and signed slightly prior to the United States Congress’ own divestment initiative vis-à-vis South Africa for the latter’s policy of apartheid. There are also the notable
precedents of the California State Legislature divesting from Sudan for its state-sponsored genocide in Darfur, and from Iran for its support to international terrorist organizations.

The Armenian Assembly of America believes that AB 1597 offers adequate protections, which hold present, former, and future board members, officers, employees and third-party investment managers harmless from a financial perspective. In addition, we support measures, such as AB 1597, which include safeguards to minimize any potential impact upon employees and retirees. Since the inception of CalSTRS in 1913 and CalPERS in 1932, thousands of Armenian American retirees in California, spanning both pension systems, including educators, engineers, economists, and civil servants, have benefited from their and their employers’ respective contributions to both systems. California Armenian retirees constitute a significant microcosm of CalPERS and CalSTRS storied histories.

On behalf of the Armenian Assembly of America, I urge the honorable Members of the California State Senate Standing Committee on Public Employment and Retirement to vote in favor of AB 1597. A vote in favor of this bill would underscore California’s long-standing commitment towards the protection of universal human and civil rights, and send a clear signal to repressive regimes, the world over, that California invests in countries which do right by their respective citizens.

Thank you for holding this hearing and for your attention.