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Missouri Pioneers Iran Divestment Efforts

by Michele Kelemen

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Divestment was used to fight apartheid in South Africa, and has been used to shame Sudan. Now, Missouri has taken action to divest from companies that do business with Iran and other nations on the State Department's list of countries that sponsor terrorism. Missouri officials and others hope that more states will consider similar action.

Missouri was helped by the efforts of a former Defense Department official, Frank Gaffney, who researched state pension funds' ties to countries on the State Department's terrorism-support list.

"Roughly 100 of the leading pension funds of the United States had about \$188 billion invested in companies that were doing business with one more of those state sponsors of terror," Gaffney said.

The first activists to pick up on this were those interested in punishing Sudan, not because of its links to terrorism, but because of the violence in Darfur. That divestment push has been fairly successful, with several states and universities dumping shares of companies doing business in Sudan.

Missouri Treasurer Sarah Steelman told a news conference in Washington this week that she hopes states will now follow her lead — and start what she calls terror-free employee pension funds.

"It seems strange to me that we send men and women to defend freedom — some of whom pay the ultimate sacrifice — however, we have not yet used our most powerful weapon, America's financial markets," Steelman said.

Though supporters of this campaign portray it as a broad battle against terrorism, there is no evidence that it could pressure al-Qaida. Its main target is Iran — along with other countries on the U.S. blacklist — including Sudan, Syria and North Korea. Steelman says it was an uphill battle in her state to divest from companies doing business in those countries.

"We heard the argument about performance, that performance is going to suffer and we've proved that this is not true," she said. "We've heard that states shouldn't be in the role of foreign policy. That's nonsense. We are not in the business of setting foreign policy. We were just implementing foreign policy set by the State Department and American businesses can't do business in those countries."

Most of the companies dropped from the Missouri state pension fund were European - but she says the list also included Halliburton — the company Vice President Dick Cheney used to run — because one of its subsidiaries' business dealings in Iran's oil sector. Several members of congress — including Democrat Brad Sherman of California - want to close all the loopholes for American companies.

"Right now the door is open to American dollars going into the pockets of terrorist countries," Sherman said. "Our job is to close that door one step at a time."

He joined Steelman at the Washington news conference and said the idea is to put the maximum possible pressure on states accused of sponsoring terrorism.

"We need therefore to put the maximum possible pressure on major corporations in the world to get them to stop providing necessary capital to these terrorist states," Sherman said. "In particular, Iran is very susceptible to a cut-off of investment in its oil sector and we have to devote our efforts to hit that Achilles heel."