Mr. Speaker, I yield

myself so much time as I may consume.

Mr. Speaker, at Natans, the centrifuges

are turning. Iran is perhaps

half a decade away from a nuclear

weapon. Iran, however, is not without

its Achilles heels. The mullahs have

mismanaged the economy to the point

where they are rationing gasoline in

Tehran. Iran has a vibrant political

culture in which the behavior of the

elites and the behavior of the people

can indeed be influenced by outside information.

The key is to be able to

broadcast into Iran on RadioFarda a

message. That message is that Iran

will be diplomatically and economically

isolated around the world, and especially

from the United States, unless

it drops its nuclear weapons program.

The problem is, I can’t lie that well in

Farsi. The fact is we have not yet

begun to use the economic and diplomatic

levers available to the United

States. And it is not yet true that

Iran’s nuclear program subjects it to

the possibility of economic and diplomatic

isolation.

The bad news, Mr. Speaker, is that

we have not had the political will to

reach into our economic and diplomatic

tool box. The good news is we’ve

still got a lot of tools lying there in the

tool box. One of the best is divestiture.

Divestiture needs to be part of a bigger

economic and diplomatic strategy to

isolate the government in Tehran. If

we can dry up, however, Iran’s access

to foreign investment, if we can sever

the ties between the multinational corporations

and the government of Iran,

we may be able to increase the cost of

Iran’s behavior and put enough pressure

on that regime so either it decides,

or its people insist, that it abandon

its nuclear program.

Now, the key is to change the behavior

of these multinational corporations,

and the best way to do that is

with American policies that make

them choose between the benefits of

doing business with the American people,

American investors on the one

hand, and the so-called benefits they

might get from doing business with

Tehran on the other.

So what does this bill do to begin and

continue the divestment process? The

bill mandates nothing except for the

creation of a list by the administration,

which I will get to in just a second.

It provides a clear authorization

from Congress for States to divest from

companies conducting the certain identified

activities in Iran, and it would

shield both private pension plan managers,

mutual funds and public sector

pension plan managers from harassing

lawsuits should they decide on their

own initiative to divest from those

companies carrying out certain activities

in Iran. In doing so, this bill

sweeps away an excuse from those investment

managers who, up until now,

haven’t wanted to be bothered to divest,

even though their beneficiaries

are demanding it.

This bill also provides some standards.

I mentioned this in the discussion

of the Sudan bill. First, people want to

know what activities should cause

them to divest. Now, I have more than

sympathy with those who say one

penny of activity, sell one candy bar in

Tehran and I don’t want my money invested

in your company. That’s a purist

approach. That’s an approach some

may choose to take. I think the better

harnessing of America’s economic

power and the power of individual investors,

individual decisionmakers,

pension plans, mutual funds, et cetera,

is to focus on three activities, and that

is what this bill does.

It requires that 6 months after enactment,

the U.S. Government, the administration,

probably the Treasury Department

but whichever department is

identified by the President, produce a

list of those international corporations

that engage in any one of these three

activities. The first is to invest $20 million

in the energy sector of Iran. That

is a standard we have adhered to for a

long time since the adoption of what

was then called the Iran and Libya

Sanctions Act, now the Iran Sanctions

Act.

The second are those firms selling

munitions to the government in

Tehran. And the third are those who

extend credit of $20 million or more to

the Iranian Government.

And at this point, let me pause, because

the question arises, what is it to

extend credit to the Iranian Government

when the Iranian Government

issues a long-term bond?

Is it just the company that buys the

bond or the financial institution that

buys the bond, or is it directly from

the Iranian Government, or is it those

that provide a secondary market by

buying those bonds from the original

purchaser?

I thank the gentleman

and agree with him completely.

This bill is designed to cause the list

prepared by the administration to include

those who invest in bonds issued

by the Government of Iran.

I should point out that in identifying

the three activities that are going to

cause multinational corporations to be

listed, that we are paralleling what we

did just last week when this Congress

passed the bill dealing with the Overseas

Private Investment Corporation,

which also focused on pretty much the

same standards and said those multinational

corporations engaged in those

activities with the Government of Iran

would not be able to be partners of

OPIC in its activities around the world.

Now, the bill also provides that any

State statute enacted prior to the publication

of the first list of firms by the

administration would be grandfathered.

States do not have to wait

and should not wait for the publication

of this list by the administration.

States such as Florida, Ohio and

California, which are proceeding with

divestment measures, and any other

States which might consider a divestment

program need not wait for the

Federal list, and whatever they choose

to do will be grandfathered in this legislation.

Now, this bill states explicitly what I

think was clearly true of both the

Sudan bill we just discussed and this

bill, and that is it provides a safe harbor

but does not imply that that which

lies outside the safe harbor is somehow

forbidden. Section 7 of this bill would

make it clear that the authorization

that’s been provided by this bill is just

that, a safe harbor, that this bill in no

way implicitly restricts or takes away

whatever authorities the States, the

pension managers and mutual funds already

have.

I thank the gentleman

and agree with him completely.

I believe that divestment is already

clearly authorized in the terms of the

fiduciary trying to meet their fiduciary

obligation. Investing in terror is bad

business for States. I don’t think they

have an obligation to, in making their

own investment policy, to conform to

some Federal foreign policy. But if

they do, Federal foreign policy for a

long time has been very clear: don’t invest

in Iran. That’s why we’ve had the

Iran-Libya Sanctions Act, now the Iran

Sanctions Act for quite some time.

So this bill will eliminate an excuse

for those who do not want to, that have

not yet, divested. It will provide a safe

harbor, and it will provide guidance for

those who want to use their investments

to get multinational corporations

to take the actions that will be

most effective.

It provides a list of companies not to

invest in, and it provides a standard to

define what particularly it is we want

the business community worldwide to

desist from doing.