Sherman:

Mr. SHERMAN. Thank you, Mr. Chairman.

I would like to echo your comments about deterrence. Deterrence

was indeed successful with regard to the Soviet Union because, for

example, in 1962 we had plenty of good luck, and we had cool

heads, two commodities that may not exist with regard to Iran, especially

in that we will not have one Cuban missile crisis, we will

have a crisis every time they blow up a community center in Buenos

Aires or interfere with shipping in the Straits of Hormuz.

I should also point out when the Soviet regime was swept away,

it went quietly. If this regime thinks it is going to be swept away,

it might use its nuclear weapons against Israel to restore its popularity,

or hope to restore its popularity on the Tehran street; or

smuggle those weapons into the United States, figuring if it is

going to go out, it might as well go out with a bang.

I would like to turn to Mr. Ackerman’s questions about the Iran

Sanctions Act, and I would like to thank you, Mr. Secretary, for not

doing what every other administration official has done with regard

to that act, which is to pat Congress on the head and say that at

least in the area of foreign policy, Congress can provide tools, but

not mandates. And your comments seem to imply that you recognize

that as an officer of the United States, you actually have to

follow the law.

Now, you are familiar with the Iran Sanctions Act. The sanctions

are waivable, but what is mandatory is that the government officially

and publicly identify a company that has made an investment,

a triggering investment in the oil sector, and then either impose

lots of sanctions, impose fewer sanctions, or waive all sanctions.

Now, this administration has not named one company, and

that is a mandatory requirement of the law if there is a triggering

event.

Is it your position that in the last 71⁄2 years—and don’t tell me

about the companies that didn’t make investments—is it your position

that not one company made a triggering investment in the

Iran oil sector, and that is why there hasn’t been one official naming

by the administration?

Mr. SHERMAN. And I will point out I have put in the record of

many other hearings we have had on this lists of roughly 50 triggering

events that have been reported not by the Iranians, but in

the financial press and in official statements to shareholders, which

could get these companies sued if they are lying.

Mr. SHERMAN. Have there been triggering events? It is a yes or

no.

Mr. SHERMAN. Putting aside that one example, have there been

any—because that one you say you still have under review. Other

than that one example, has there been a triggering event?

Mr. SHERMAN. You have not made such a designation. Is that because

you think that the administration is free to simply close its

eyes and ignore the laws that it doesn’t like? Or is that because

there has been a thorough review by the State Department, and all

those financial press reports, all the reports to shareholders are all

erroneous?

Mr. SHERMAN. And are you saying that never have they made

the investment? It has never happened? I know there is sometimes

this, sometimes that, you know.

Mr. SHERMAN. Is that because the facts didn’t warrant it, or is

that because it was an inconvenient truth?

Mr. SHERMAN. Let me interrupt. If you were directed by the administration

to ignore and refuse to tell Congress, refuse to officially

acknowledge an investment that is a triggering event because

it was an inconvenient truth, would you follow that instruction,

or would you resign?

Mr. SHERMAN. I look forward to meeting with you, to giving you

the information. I don’t want to adversely affect your career. And

it is refreshing to see someone from the administration who at

least states that they are willing to follow the law. Thank you very

much.

Mr. SHERMAN. Well, I will lead off with a question for the record

because it is not fair to hit you with it right now. But if you could

detail for the record those occasions in which this administration

has voluntarily significantly inconvenienced a multinational corporation

in an effort to deal with the Iran nuclear program, that

would be helpful.

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I have asked other administration officials, and they have been

unable to mention any occasion where that has been done, which

is a little shameful given the more than inconvenience that our

troops have suffered in an effort to prevent weapons of mass destruction

being developed in a far less significant neighboring country.

Let’s focus on Russia. Russia has been part of the process by

which we have gotten very minor sanctions through the United Nations

Security Council. The key is getting U.N. Security Council

sanctions that prohibit refined petroleum from being exported to

Iran.

There are a couple of ways to deal with the Russians. One is to

try to convince and beg; the other is to bargain. Dare I use the

word, in polite society, ‘‘linkage’’?

And so far we have failed to really convince Russia that Iran’s

nuclear weapon is such a grave geopolitical threat to them that

they should give up the economic benefits of continued cooperation

with Iran.

So the question really is, if we can’t convince—and they are pretty

smart people; I don’t think we are going to tell them anything

they don’t already know—we can bargain.

And so I have a couple of yes/no questions. I am hoping they are

yes/no questions.

The first is: Have we told or hinted to Russia that our policies

about Transnistria-Moldova, South Ossetia, Abkhazia or missile defense

in Eastern Europe—any one of those four issues—is linked

to whether they would take a very hard line on Iran and the

United Nations?

Mr. SHERMAN. Have we hinted to China that our policy toward

their currency value issue is linked to their policies toward Iran?

Mr. SHERMAN. Okay.

Let me shift to another issue, which is divestiture. The question

is: Should we allow pension plans to divest from companies that

are doing business with Iran?

Now, given the view that shareholders should be in control of

corporations and investors in control of their own money, given the

hostility of this administration toward frivolous lawsuits and trial

lawyers, and given this administration’s alleged hostility to international

corporations who help the Iran regime, can you tell me

why the administration opposes, at least subtly, and refuses to support

the Iran Sanctions Enabling Act, which does nothing more

than say that pension plan trustees are free to sell their stock in

companies doing business with Iran without the risk of getting

sued?

Mr. SHERMAN. So if shareholders want to sell stock in a company,

they should face frivolous lawsuits, because that makes the

companies and their host countries happy?

Mr. SHERMAN. I think the ultimate answer will be this administration

is absolutely dedicated to the powers of corporate management,

and that exceeds their concerns about any of the things that

the State Department focuses on.

Finally, the World Bank, which has approved $1.35 billion in

loans to Iran, thus allowing Iranian politicians to tell their people,

‘‘The whole world not only loves us, they are sending us money,’’

and makes it politically difficult for those of us in the United

States who support foreign aid.

Has the administration sought a vote of the World Bank Board

to prevent the disbursement of the half of these funds that have

yet been disbursed, an extraordinary vote to freeze the dollars? Or

are we going to see the remaining dollars disbursed according to

the contract?

Mr. SHERMAN. Well, you are require by law to do so.

Mr. SHERMAN. I hope you will get back to me on that question.