



Divest Terror makes the front page

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[Caroline Glick](#)

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Two articles in yesterday's *Wall Street Journal* are bringing attention to a growing movement in American politics: the push for state governments to pass laws mandating that their pension funds divest from companies doing business in states that sponsor terrorism, notably Iran.

The articles are also an indication that the Center for Security Policy's [Divest Terror Initiative](#) is picking up steam all over the country.

The first article, which appeared on the *Journal's* front page, tells of Ohio Rep. Josh Mandel's campaign to pass a law mandating that his state's pension funds divest from terror. Mandel, a former Marine and veteran of combat in Iraq, puts it simply: "[Ohio] should not be investing people's hard-earned dollars in countries that are sworn to America's destruction."

The second article, which appeared on the front page of the paper's "Money and Investing" section, details Missouri Treasurer Sarah Steelman's spearheading of terror-free investing initiatives in her own state and around the country.

Center's President Frank Gaffney comments: "Yesterday's *Wall Street Journal* articles demonstrate that the Center for Security Policy's three-year effort to promote the concept and utilization of Terror-Free Investment as an instrument of warfare against terror-sponsoring nations is achieving 'critical mass.' It is increasingly clear that, as more and more Americans and their elected representatives learn of the risks associated with investing in publicly traded companies that do business with our enemies, they will act to terminate such exposure. In so doing, millions of our countrymen and

women can be empowered to help fight and win the current War for the Free World."

The efforts in Ohio and Missouri are just part of a burgeoning nationwide campaign. Currently, there are 15 state governments looking to pass similar legislation. For example, in just the past week, the following progress has been made:

- Florida Governor Charlie Crist signed the nation's first Iran-divestment measure into law. It had previously passed both houses of the legislature unanimously.
- The California Assembly passed a bill mandating divestment from Iran's energy sector by the state's public pension funds – including the Nation's two largest, CALPERS and CALSTERS. The vote was 68-0.
- In Louisiana, the House of Representatives passed a bill by a vote of 100-0 that mandates the creation of a terror-free stock index.

Importantly, while some institutional investors and asset managers have strongly opposed terror-free investing, as the *Wall Street Journal* observes, that has not been the case with all public pension systems. For instance, the \$12.5 billion Ohio Police and Fire Pension Fund has not objected to legislation there aimed at divestment from Iran. Moreover, Louisiana's pension systems, led by the Firefighters and Sheriffs Pension funds, have banded together with a veteran terror-free advocate who chairs the House Re-

tirement Committee, Representative Pete Schneider, to support legislation to create a terror-free index – a key missing piece to the divestment puzzle.

If these pension systems can push forward with terror-free investing without violating their fiduciary duty, the question occurs: How can it be that other pension funds can get away with refusing to honor the desire of their beneficiaries and state legislators who do not want to provide, through their investments, corporate life support to enemies seeking to kill Americans -- and, in the case of Iran, doing so every day.

The strength of such feelings was underscored in a [recent survey](#) by Luntz- Maslansky Strategic Research. That poll indicated that 81 percent of Americans believe that the public pension funds of fire fighters, police officers, teachers and other government employees "definitely should not" invest in companies that do business with countries that sponsor terrorism.

It is gratifying that the attention being garnered by the terror-free investment movement extends beyond the print media. Yesterday, Christopher Holton, Director of the Center's Divest Terror Initiative, appeared on CNBC's "Power Lunch" to discuss the contribution this campaign can make to the war effort and the specifics of the bill under consideration in Ohio.

Speaking of those doing business in terror-sponsoring states, Mr. Holton remarked: "They used to call this

trading with the enemy, now it's just called business. But it's still wrong." He added, "When government bureaucrats put our taxpayer and retirees' investment dollars into the war-making capabilities of the world's foremost sponsor of terrorism, they're making outrageously horrible public policy and elected officials have a moral duty to put an end to it."

Information about the exposure of state pension funds with respect to companies that do business in or with terror-sponsoring states can be found in the Center for Security Policy's report, "[The Terrorism Investments of the 50 States.](#)" The report reveals that, as of 2004, the 100-largest state pension funds had, on average, roughly 23 percent of their portfolios made up of publicly tra-

ded companies that have business activities in terrorist sponsoring states. Taken together, those activities were estimated at the time to be worth more than \$73 billion.

It is high time that public pension funds across this country invest terror-free. If they do not undertake to do so voluntarily, state legislatures should make such a policy mandatory. And the time has come for Wall Street to join the war effort by making it as financially attractive and easy as possible for other institutional and private investors to do the same. Our victory in the War for the Free World, and indeed our survival, may depend on it. To find out how you can join the terror-free investing movement, contact us at mail to: info@centerforsecuritypolicy.org.