

**MN Break the Bonds Campaign:
Divest for Justice in Palestine**
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CAMPAIGN STATEMENT

INTRODUCTION

We are Palestinians, Jews, Christians, Muslims, students, professionals, parents, community members and allies working together to bring Palestine-centric education to Minnesota.

We believe that by creating a balance to the corporate perspective we receive on Palestine and by opening space for honest information on Palestine we can affect change in the Middle East.

As people of the United States, whose taxes support the occupation of Palestine and the Palestinian people, we maintain that we must take responsibility for our culpability in the situation.

WHY DIVESTMENT, WHY NOW?

In 2005, Palestinian civil society put forth a call for boycott, divestment and sanctions, or BDS, to the international community as the most politically and morally sound civil resistance strategy until Israel complies with International Law and Universal Principles of Human Rights. Over 170 Palestinian organizations in Palestine and the Diaspora, encompassing practically all of Palestinian civil society, signed on to the call. (To view the call, visit www.bdsmovement.net)

We are organizing this divestment campaign as an expression of solidarity with Palestinians and Israelis who have signed on in support of the Palestinian call. Our expression of solidarity comes in both word and action in this campaign.

WHAT DO WE HOPE TO ACCOMPLISH?

1. Support the Palestinian Call for boycott, divestment, and sanctions (BDS)
2. Get the state of Minnesota to divest of Israel Bonds (the state currently holds 2 bonds, 1 purchased at \$10 million and another purchased at \$8.4 million)
3. To organize a mass state-wide education campaign concerning Palestine

4. To make this campaign easy to replicate in some or all of the 21 other states and the District of Columbia which currently hold Israel Bonds.

All of this will be done with the further goal of supporting the Palestinian people in their struggle for human rights in a free society.

BACKGROUND

Since Israel became a state, its government has continuously violated United Nation's resolutions and international humanitarian law.² In the creation of Israel in 1948, over 750,000 Palestinians were dispossessed of their land and sent into exile. In 1967 after the 6-Day War, Israel began illegally occupying Palestinian land in the West Bank, Gaza and East Jerusalem creating a new wave of refugees. Palestinians who remained in Israel live as third class citizens, facing legal, economic, and social discrimination.³ In the occupied territories, Israel continues to subject the Palestinians there to the confiscation of their land for the illegal construction of Israeli-only settlements and the vast network of "by-pass" roads joining the settlements to each other and to Israel. The location of the settlements, within and between Palestinian population centers, with their restricted infrastructure, is an effective method used by the Israeli government and the Israeli Defense Force (IDF) to control movement and Palestinian development through fragmenting and disrupting Palestinian society.⁴

The construction of the illegal Israeli apartheid barrier, both 25-foot high concrete wall and electronic fences, is creating unbearable living conditions for Palestinians – the loss of land, water, markets, movement and livelihood.⁵ Other forms of Israeli human rights abuses perpetrated against Palestinians are illegal home demolitions, town closures and check points (more than 400, only 34 of which separate Israel from Palestine), extra judicial detentions and assassinations, immobilizing curfews, and countless other daily abuses and forms of oppression.⁶

The system of apartheid that Israel has developed closely resembles that which South Africa once had.⁷ Apartheid in South Africa was eventually abolished in large part because of an international grass roots movement to stop financial support of the apartheid regime. Through various forms of divestment (such as stopping capital investment in companies that do business in Israel) and, on our part, specifically divestment from State of Israel Bonds, we can help turn the tide of the Israeli/Palestinian conflict as well. Putting pressure on Israel to change its policies toward the Palestinians through divestment is in the best interest of both Israelis and Palestinians.

The following questions can help you as you consider joining this growing movement.

IS DIVESTMENT ANTI-SEMITIC?

Absolutely not. Anti-Semitism goes against the very principles that are the foundation of this movement: justice, equality, human rights and peace for ALL peoples. Charges of anti-Semitism are little more than a smoke screen designed as a distraction from the real

problem: Israel's illegal military occupation with its system of apartheid.

WHY SINGLE OUT ISRAEL?

What about all of the other countries that abuse human rights? Israel's brutal military occupation of Palestinian territories is a major factor in the spread of violence and religious struggle in the Middle East and elsewhere in the world and thus a major factor in increase in the danger of violence against Americans. As Americans, we have a unique responsibility to hold Israel accountable for its human rights abuses because of the billions of dollars in military and financial aid Israel receives from us each year. In fact, Israel is the single largest U.S. foreign aid recipient,⁸ despite having the 15th most competitive economy in the world.⁹ Should we have refrained from challenging apartheid South Africa because there were abuses throughout the world? Of course not!

There are many compelling similarities between Israel and apartheid-era South Africa. Here are just a few:

- In apartheid-era South Africa, only whites had full rights. Similarly, Palestinian citizens of Israel may vote and run for election, but only Israeli Jews have full rights to obtain land, receive military veteran benefits, and immigrate under "the Law of Return." Palestinians in the occupied territories are subject to Israeli rule without any democratic voting rights even though they pay Israeli taxes.
- White South African rulers during apartheid wanted a strong white South Africa with few or no black citizens. To achieve this goal, they transferred black South Africans to "Bantustans," which were nominally autonomous, but weak, black "homelands," with the intent of isolating them from the rest of the country. Similarly, Israel is isolating Palestinians through the construction of Jewish-only roads. It is also building a massive cement wall three times as long as the Berlin wall that will completely encircle some areas of the West Bank. The wall is destroying the most fertile lands in the West Bank or annexing them into Israel.

These are just a few of the manifestations of Israel's apartheid policies. Israel Bonds have very direct links to the Israeli military occupation of the Palestinian territories and the oppression of the Palestinian people. Israel uses bond money to resettle new immigrants from around the world, including the United States.¹⁰ Many of these immigrants are encouraged to move to Israeli settlements in the West Bank through economic incentives.¹¹ At the same time, Israel bans millions of Palestinian refugees from returning home. Financially supporting Israel's immigration policy therefore perpetuates the displacement of the Palestinian people. The George W. Bush administration has repeatedly stated that the illegal settlements are an obstacle to peace.¹² As you can see, what may seem to be innocuous investments in Israel are, in fact, funding the violation of fundamental Palestinian human rights.¹³

WHAT ARE STATE OF ISRAEL BONDS?

In 1950 the leaders of Israel and a group of Americans met in Jerusalem at the King David Hotel to discuss ways of financing the new country. The group came up with the idea to sell bonds. They called their company The Development Corporation for Israel

and began a campaign to sell the Israel Bonds in the United States. The bonds can be purchased by private individuals or governmental entities such as the State of Minnesota. The bonds are purchased for a fixed period of time during which interest accrues. When the bond matures, the buyer can either cash it in and receive the interest payments or reinvest in a new bond.¹⁴

ARE ISRAEL BONDS A GOOD INVESTMENT?

The Israel Bonds are not a very good investment. Compared to many other bonds with the same maturity date, they do not return a high rate of interest.¹⁵ Unlike most securities, Israel Bonds cannot be traded on the open market or easily converted into cash.¹⁶

The State Board of Investment (SBI) is constrained by Minnesota Statutes Section 11A.24 to only make investments where the bond is rated among the four quality rating categories by a nationally recognized rating agency. Section 11A.24, Subd. 2 states that the state board may invest funds in governmental bonds, provided that the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. Although the Prospectus issued by Israel Bonds states that the bonds are backed by the full faith and credit of the government of Israel, the Israel Bonds Prospectus also states that Israel is a sovereign state and accordingly it may be difficult to obtain or enforce judgments.¹⁷

On page 52 of its 2006 annual report, the SBI has guidelines on international investing.¹⁸ Staff must review reports from the U.S. State Department regarding worker and human rights issues. It then designates countries in Groups I, II, and III using the existing policy guidelines adopted by the Board. Israel is ranked into Group II: “These countries have legal protections for workers and human rights, but violations have been cited in the State Department Reports.” It appears that the SBI has ignored its own rules regarding foreign investments by going forward with investments in Israel Bonds in spite of purportedly reading the Reports of the U.S. State Department which relate case after case of abuse of human rights committed by Israel.¹⁹ The SBI may invest in spite of human rights violations “if the manager believes that it would be a breach of fiduciary responsibility not to do so.” In other words, if the investment is so lucrative that Minnesota would miss a good opportunity to make money, SBI may make the investment in spite of information on human rights violations. In the case of Israel Bonds, the poor returns do not make it a loss of a “good opportunity” to make money for Minnesota. Therefore, instead of making a sound investment, Minnesotans are unwittingly subsidizing Israel while turning a blind eye to its violations of the human rights of the Palestinians.

HOW IS ISRAEL BOND MONEY USED IN ISRAEL?

Bond money funds Israel’s apartheid system in both Israel and the occupied territories. Within Israel, bond money is unfairly distributed. Infrastructure projects primarily benefit Jewish communities. On the other hand, Palestinian neighborhoods inside Israel are isolated and routinely discriminated against at every level. Israeli law dictates that Jewish-Israelis, who own 93% of Israeli land, may not sell land to Palestinian Israelis. In addition, there is a tremendous disparity in the quality of public services, such as

healthcare, education, and social services, that Palestinian and Jewish Israelis receive.²⁰

In the occupied territories bond money is used for the construction and expansion of illegal settlements in the West Bank, Gaza, and East Jerusalem. It is also used for building the illegal wall which, when it is complete, will leave less than 12% of historic Palestine for the indigenous population.²¹ The Israel Bond prospectus states that the funds are used to aid Jewish immigrants.²² These immigrants are encouraged and helped to move to Israel while Palestinians are denied the right to return to their own homes. Many of these immigrants move on to Palestinian lands and displace them by force with the help of the Israel Defense Forces. This constitutes ethnic cleansing of the Palestinian people.

WHAT IS THE SOURCE OF MONEY IN MINNESOTA FOR PURCHASE OF BONDS?

The sources of revenues for purchase of Israel Bonds are Basic Retirement Funds, Post Retirement Funds, Supplemental Investment Fund, and six non-retirement funds – Assigned Risk Plan, Permanent School Fund, Environmental Trust Fund, Miscellaneous Accounts, State Deferred Compensation Plan, and State Cash Accounts.²³ Minnesota purchased an Israel Bond for \$5,000,000 in 2003, which carried a 4.4 fixed rate of return. It matured in 2008 and was cashed in at that time. Minnesota also purchased an Israel Bond for \$10,000,000 in 2005. It will mature in 2015 and carry a floating rate of return which is 5.675% as of June 26, 2007. Another bond was purchased for \$8,400,000. This will mature in 2024 at an interest rate of 5.50%. These bonds pay semi-annual interest.²⁴

ENDNOTES

1. The apartheid practiced in South Africa provides a useful standard for analyzing the Israel's treatment of the Palestinians. "Apartheid [was] is the social and political policy of racial segregation and discrimination by white minority governments in South Africa from 1948 to 1994. The system of apartheid was enforced by a series of laws passed in the 1950's: the Group Areas Act of 1950 assigned races to different residential and business sections in urban areas, and the Land Acts of 1954 and 1955 restricted nonwhite residents to specific areas. These laws further restricted the already limited right of black Africans to own land, entrenching the white minority's control of over 80 percent of South African land. In addition, other laws prohibited most social contacts between the races; enforced the segregation of public facilities and the separation of educational standards; created race-specific job categories; restricted the powers of nonwhite unions; and curbed nonwhite participation in government."
<http://www.africana.encyclopedia.com/apartheid/apartheid.html> In Israel today, and even more so in the occupied territories, Palestinians lack meaningful citizenship rights and are separated out and discriminated against by deliberate state policy. Many, including Archbishop Desmond Tutu, say that the apartheid against Palestinians is not only similar to that of South Africa, but worse. "Boycott Movement targets Israel" by George Bisharat, San Francisco Chronicle, Wed. August 15, 2007.
2. "Fact Sheet #2: Ending the Occupation: It's the Law," The Center for Economic

and Social Rights, rights@cesr.org; “Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory,” International Court of Justice, <http://www.icj-cij.org/docket/index.php?p1=3&p2=2>.

3. “Fact Sheet #1: Palestine and the Palestinians,” The Center for Economic and Social Rights, rights@cesr.org; “Discrimination in Israeli Law,” The Arab Association for Human Rights, www.arabhra.org.

4. “Israel Settlements on Occupied Palestinian Territories,” Palestine Monitor http://www.palestine-monitor.org/new_web/factsheet_settlements.htm; “Land Expropriation & Settlements,” B’tselem, www.btselem.org; From Amnesty International, Report 2006: Israel and the Occupied Territories, “While international attention focused on the Gaza ‘disengagement plan’, Israel continued to expand illegal Israeli settlements and stepped up construction of a 600 km fence/wall through the West Bank, including in and around East Jerusalem. The construction compounded the military blockades and other stringent restrictions imposed by the Israeli army on the movement of the Palestinian population throughout the Occupied Territories, including measures which increasingly cut off East Jerusalem from the rest of the West Bank. Israelis seized and destroyed large areas of Palestinian land to build roads for Israeli settlers, military checkpoints and the fence/wall through the West Bank. Palestinians were increasingly confined to restricted areas and denied freedom of movement between towns and villages within the Occupied Territories. Many Palestinians were cut off from their farmland, their main source of livelihood, and others were prevented from accessing their workplaces, education and health facilities, and other services.

Israeli government officials repeatedly reiterated their determination to strengthen most of the Israeli settlements in the West Bank, where some 450,000 Israeli settlers live, and to build new ones, notably in and around East Jerusalem. The Israeli government took no steps to fulfill its commitment to dismantle settlement outposts established since 2001 in the West Bank. In March former State Prosecutor Talia Sasson published a report, commissioned by the government, which noted that unauthorized settlement outposts continued to be established and expanded by the authorities, contrary to the government’s promise to dismantle them.” <http://web.amnesty.org/report2006/isr-summary-eng#7>

5. “Fact Sheet: Anti-Apartheid Wall Campaign: The Apartheid Wall,” The Center for Economic and Social Rights, rights@cesr.org; “Separation Barrier,” B’tselem, www.btselem.org.

6. “Life under Prohibition in Palestine,” Amira Hass.

7. “Parallels Between Apartheid South Africa & Israeli Policies,” U.S. Campaign to End the Israeli Occupation.

8. See “U.S. Foreign Aid Summary” [<http://www.vaughns-1-pagers.com/politics/us-foreign-aid.htm>] and “Foreign Aid: An Introductory Overview of U.S. Programs and Policy” fpc.state.gov/documents/organizations/31987.pdf. John Mearsheimer and Stephen Walt, “The Israel Lobby”, Washington Report on Middle East Affairs, March 2006, p.1, col. 2. “It (Israel) has been the largest annual recipient of direct economic and military assistance since 1976, and is the largest recipient in total since World War II, to the tune of well over 140 billion (in 2004 dollars).”

9. This ranking comes from The Global Competitiveness Report 2006-2007, released by the World Economic Forum on 26 September 2006. <http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>.

10. <http://www.israelbonds.com/projects.html> - accessed 7/19/07
11. "The Iron Wall" A film by Mohammed Alatar, www.TheIronWall.ps distributed by PalestineOnlineStore.com
12. Statements on American Policy Toward Settlements by U.S. Government Officials 1968 – 2006, Churches for Middle East Peace, Documents and Resources, http://www.cmep.org/documents/US_statements_settlements.htm
13. Stephen Zunes, "The Strategic Functions of U.S. Aid to Israel," Washington Report on Middle East Affairs: "... annually \$500 million in Israel Bonds" http://www.wrmea.com/html/us_aid_to_israel.htm accessed 8/6/07.
14. State of Israel Bonds, Prospectus, <http://www.israelbonds.com/rates.html>, State of Minnesota Detailed Report of Assets, 2006 State Board of Investment, pp. 69 – 102.
15. Axis of Logic, "Somerville Divestment Project" quoting Congressional Research Service "Israel is not economically self-sufficient, and relies on foreign assistance and borrowing to maintain its economy. latest ratings by the World Bank, which led economists to conclude that 'Israel is considered one of the riskiest places in the Western world, with an unstable, inefficient regime, low accountability, a relatively high rate of state corruption and poor law enforcement.'" www.axisoflogic.com/artman/publish/article_19717.shtml. Boston-area Divestment Project: Many have invested in Israel Bonds "despite the fact that they pay interest rates below those of other available securities and below what most investors would expect from loans to a foreign government." <http://www.endtheoccupation.org/article.php?id=125&printsafe=1>. See also: <http://www.israelbonds.com/rates.html>
16. State of Israel Bonds, Prospectus, <http://www.israelbonds.com/faq.html>
17. Ibid
18. "Guidelines on International Investing" 2006 Annual Report, (Minnesota) State Board of Investment, p 52
19. "Israel and the Occupied Territories", U. S. State Department Report issued March 6, 2007.
20. Divestment and Boycott: Peaceful ways you can change the world. www.globalexchange.org/countries/mideast/palestine/divestmentfaq.html
21. "Isn't Israel the only democratic state in the Middle East?" Q & A: The Facts About Palestine and Israel, Inter-denominational Advocates for Peace. jdappal@hotmail.com
22. [Http://stopthewall.org/FAQs/33.shtml](http://stopthewall.org/FAQs/33.shtml) accessed 7/22/2007
23. See Endnote 16
24. 2006 Annual Report (Minnesota) State Board of Investment
25. Information received from Jim Heidelberg of Minnesota State Board of Investment July, 2007.