The Case for Divestment from Companies that Profit from Human Rights Violations in Israel and the Occupied Palestinian Territories

Summary of the Case for Divestment

- Israel's military and settler occupation of the Palestinian Territories is illegal, and has gradually confined the Palestinian population to smaller and smaller pieces of land.
- A "dual system of law [is] at work [in the Occupied Territories] ... one for Jews and one for Palestinians."
- The illegal "separation barrier" that Israel has built (largely on Palestinian land) effectively confines Palestinians to small ghettos and bantustans.
- Israel's continued siege of Gaza constitutes collective punishment, and forces the Palestinians to rely on humanitarian aid.
- Israeli Arabs continue to be subject to "institutional, legal, and societal discrimination," including "separate but equal" school systems.
- The objective of maintaining a Jewish majority in Israel would be regarded as racist in any other context.
- U.S. support has been critical to Israel's occupation of the Palestinian Territories and discriminatory treatment of Palestinians.
- Stanford has long emphasized the importance of investing its large endowment responsibly.
- There are historical precedents for Stanford agreeing to divest from companies profiting from human rights abuses.
- Through selective divestment, Stanford can play a role in generating pressure to end human rights violations and bring peace to the region.

Extended Version of the Case for Divestment

39th U.S. President Jimmy Carter, in his recent book, *Palestine: Peace Not Apartheid*, describes how “Israel’s continued control and colonization of Palestinian land have been the primary obstacles to a comprehensive peace agreement in the Holy Land.” Since the United Nations decided to partition historic Palestine into a Jewish and Arab state in 1947, Israel has gradually confined the indigenous Palestinian population into smaller and smaller territories of land and maintained dominance by depriving Palestinians of their basic human rights. It achieved these results largely through the expulsion of over 700,000 Palestinians and destruction of over 400 villages in 1948 and the
occupation and subsequent establishment of Jewish-only settlements in the Gaza Strip, West Bank, East Jerusalem, Sinai Peninsula, and Golan Heights after the 1967 War. Israel has continued to occupy these lands, with the exception of Sinai, for nearly forty years, more than two-thirds the life of the Israeli state. This occupation violates dozens of U.N. resolutions and articles of the Geneva Convention. Even after the withdrawal of 8,000 settlers from the Gaza Strip in 2005, hundreds of Jewish-only settlements and over 500,000 settlers remain scattered across the Occupied Territories, forcing Palestinians into small, encircled enclaves with little connection to the outside world.¹

The Israeli system of segregation and restricted settlement has resulted in pervasive inequalities between Israeli Jewish and Palestinian populations. As Michael Brown notes in *The Nation*, “a dual system of law [is] at work [in the Territories] ... one for Jews and one for Palestinians.” While Jews living in the West Bank hold Israeli citizenship, are subject to Israeli laws, vote in Israeli elections, and freely travel within Israel and abroad, Palestinians living in the same territory lack true citizenship and cannot avail themselves of Israeli law, vote in Israeli elections, or freely travel to Jerusalem, Israel, or abroad. Some argue that Palestinians in the West Bank and Gaza cannot vote in Israeli elections because they are governed by a separate authority. However, the Palestinian Authority (PA) lacks true sovereignty, having no army and no control over basic governmental functions like borders, airspace, taxation, and water resources. The PA, much like the black ‘homelands’ of South Africa, has symbolic value, but ultimate control over the daily lives of Palestinian remains in Israel’s hands.

The apartheid system encompasses many other spheres of daily live. Jewish settlers, on average, use six times as much water as Palestinians.² In some areas, settlements with swimming settlers lie just yards away from Palestinian villages that lack drinking water. Occupying the most fertile lands, Jewish settlers enjoy great economic prosperity, while Palestinians face limited opportunity and significant unemployment, estimated at 16.3% in the West Bank and 41.3% in the Gaza Strip.³ In addition, the Israeli army maintains tight control over the Palestinians, imposing curfews and detaining thousands, including 2,500 children since September 2000. According to Palestine Monitor, a prominent Palestinian NGO, over 650,000 Palestinians, or roughly 40% of the adult male population, have been detained by Israel since 1967. To enable increased settlement expansion, Israel has confiscated Palestinian land, demolished homes at alarming rates, and destroyed hundreds of thousands of ancient olive trees, the historical emblem of the land.

The harsh realities of living under military occupation also have drastically affected the humanitarian condition in the Occupied Territories. Since September 2000, 4,860 Palestinians, including 955 children aged 17 and under, have been killed.⁴ In addition, 387 Palestinians have been killed in extra judicial killings (assassinations), including 234 mere bystanders killed for being in the wrong place at the wrong time. Assessing the overall situation on May 13, 2006, the UN Office for the Coordination of Humanitarian Affairs declared, “the humanitarian outlook for the occupied Palestinian territory looks extremely bleak and is predicted to worsen dramatically in the coming months.”⁵
In addition, Israel has established a system of Israeli-only roads to facilitate transportation for settlers and soldiers. Forbidden from using these roads, Palestinians must pass through the over 700 military checkpoints dispersed throughout the territories, where they are humiliated, delayed, and sometimes even prevented from going to work and school. A permit-system and color-coded ID further inhibits Palestinian freedom of movement. Moreover, Israel’s separation ‘barrier,’ built largely on Palestinian land as opposed to the internationally recognized 1967 border, bisects Palestinian towns, separates Palestinian from Palestinian, encircles some villages, and effectively confines Palestinians to small ghettos and bantustans. In 2004, the International Court of Justice deemed the ‘barrier,’ which spans 426 miles and rises up to 25 feet in some areas—over twice as high and three times as long as the Berlin Wall—illegal by a vote of 14-0-1 and called for its immediate dismantlement, in a decision supported by the UN General Assembly.

The situation for the 250,000 Palestinians living in East Jerusalem is even more precarious. Although Israel illegally annexed East Jerusalem, Palestinian residents of East Jerusalem are not citizens of Israel, but instead are considered ‘legal residents’ who must regularly prove connections to Jerusalem in order to continue to live there. They face enormous legal obstacles to family unification and unequal access to housing, municipal services and other social benefits. B’Tselem, an Israeli human rights organization, documented Israel’s policy of land expropriation and preventing construction in Palestinian Territories, and concluded that these policies created “systematic discrimination against the Palestinians living there.” In effect, Palestinians are treated as foreign guests in their own country, without the right to vote in national elections.

The Palestinians of Gaza, though, face the most difficult situation, even after Israel’s formal disengagement in August 2005. In December 2008, Israel launched Operation Cast Lead, a three-week bombardment of the Gaza Strip that left 1,417 dead. This figure includes 926 civilians, of which 313 were children and 116 women. Israeli forces intentionally attacked the Al Quds Hospital in Gaza City and the adjacent ambulance depot with white phosphorous shells; meanwhile, UNRWA field office compound in Gaza City came under shelling with white phosphorous munitions endangering between 600 and 700 civilians. The conflict left the beleaguered territory devastated and infrastructure destroyed. Israel, which destroyed Gaza’s principal power station that supplied two-thirds of its 1.3 million residents and operated pumps that provided water, continues to enact collective punishment by obstructing the entry of humanitarian aid into the territory, one of the most densely populated areas on earth, causing shortages of dietary staples like bread and flour. Israeli border closures also prevent Palestinians from exporting their crops, destroying the means of survival for thousands of families. While President Obama and the UN humanitarian chief have called for the reopening of border crossings to alleviate the suffering of the people of Gaza, Israel’s inhumane siege continues.

Israeli Arabs, who comprise roughly 20% of Israel’s population and represent the descendants of Palestinian families who did not flee their homes in 1948, have also endured decades of segregation
and institutionalized discrimination. Because the Basic Law of Human Dignity and Liberty defines Israel as a Jewish state rather than a state for all its citizens, state policies consistently favor Jews. A 2009 U.S. State Department report on human rights documents how Israeli officials have done little to reduce “institutional, legal, and societal discrimination against Arab citizens.” In fact, Israeli policy has long been dictated by the desire to establish and maintain a Jewish majority. Playing on the fear of an Arab majority, Israeli leaders openly discuss the ratio of Jews to non-Jews as a national security issue and speak ominously of the ticking Palestinian ‘demographic time bomb.’ Even the 2005 disengagement from Gaza, trumpeted as a bold step towards peace, stemmed from Israel’s desire to separate itself entirely from the 1.3 million Palestinians of Gaza. As former Prime Minister Shimon Peres admitted on the BBC in August 2005, “we are disengaging from Gaza because of demography.” While the aim of maintaining a Jewish majority is seen today as an acceptable, if not commendable, aspiration, it would be regarded as racist in any other context. Imagine, for example, the Texas state legislature undertaking policies to maintain white domination in the face of growing minority populations. Such aspirations have long been relegated to the dustbin of history.

The Israeli legal system, however, is built on these racist notions. The Law of Return, for example, grants automatic citizenship to Jews from anywhere in the world upon request, but denies that same right to native Palestinians and refuses to allow Palestinian refugees to return to their homes. Under this system, a Jewish American can tomorrow migrate to Israel and be granted immediate citizenship, whereas a Palestinian refugee, languishing for decades in refugee camps yearning to return to his/her native home, is denied this right. According to the New York Times, Palestinian cannot buy state land, which represents 91% of the country’s territory, and state land held by the Jewish National Fund cannot even be leased to Israeli Arabs. Non-Jewish Israelis also attend ‘separate but equal’ school systems, which categorically receive less funding than those for Jewish Israelis, and have less access to housing, subsidies, and employment. According to a January 2007 report by the Arab Center for Alternative Planning in Haifa, Israel, the human development index of Israeli Arabs ranks 44 slots below the general ranking of the state of Israel on the multinational chart and their level of education ranks lower than that in the Occupied Territories and Libya. Israeli Arab villages, neglected by the government, often lack basic services; in fact, forty Palestinian villages are not even recognized by the government and lack basic infrastructure, including electricity, sewage, and running water. Israeli marriage laws grant citizenship and residency to the spouses of Israeli citizens of every different nationality, except Palestinian.

Israel, which finds itself in direct violation of over 60 U.N. resolutions and many other articles of international law, could not maintain its apartheid system without support from the outside. In particular, the support of the United States has been critical. Since 1967, the U.S. has given Israel roughly $85 billion in total aid, meaning that Israel, a country smaller in both area and population than Hong Kong, receives more than one third of America’s annual foreign aid. This amount is more than all of the aid received by Africa, South America, and Central America combined and more than any other country in the world, excluding Iraq and Afghanistan. Israel receives an average of $3
billion annually, or over $10 million a day, most of which comes in the form of military grants. Moreover, the U.S. government has provided Israel with billions in loan guarantees over the years, often enabling it to borrow at far below market rates.

Multinational corporations also shoulder significant responsibility for their role in facilitating human rights violations. International law holds corporations responsible for their actions; in fact, the UN Human Rights Norms for Business specifically requires “businesses to exercise due diligence regarding the source or potential uses of goods or services, and in some instances to forego business opportunities in order to avoid complicity in, or encouragement of, human rights violations.”

Stanford has a $14 billion endowment, which it maintains by investment in public equity, private equity, real estate, natural resources, and other areas. Stanford’s investments, according to a recent report of the Stanford Management Company, “place it in the top 2% of all national and college endowments.” While primary emphasis has been placed on financial performance, the university has long emphasized the importance of investment responsibility. In fact, Stanford’s Statement on Investment Responsibility Concerning Endowment Securities (hereinafter the "SIRCES”) calls for the university to seek to pursue divestment from companies that “cause substantial social injury,” after the university has exhausted other methods of changing corporate policy and has concluded that the university’s action would have a direct impact. Historically, however, the university has encountered several problems upholding the responsibility of its investments, including ties to the South African apartheid government until 1986 and to corporations using slave labor in Burma in the 1990s.

In light of this obligation and the university’s strong commitment to investing in a socially responsible manner, we call on the Stanford University Board of Trustees to take the actions required by section 2.3 of the SIRCES, including—where applicable—selling the securities held by Stanford, with respect to all companies that do one or more of the following:

1. **Facilitate acts of collective punishment** in the Occupied Palestinian Territories—including home demolition, land confiscation, and military action against civilians—in violation of Article 33 of the Fourth Geneva Convention, which states that "no protected person may be punished for an offense he or she has not personally committed."

2. **Operate within Israeli-only settlements** in the Occupied Palestinian Territories in violation of Article 49 of the Fourth Geneva Convention, which states that: "The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies."

3. **Support the building and/or maintenance of the "separation barrier"** constructed by Israel in the West Bank, deemed "contrary to international law" by the International Court of Justice.
4. **Engage in practices that institutionally discriminate** against people of a particular race, religion, or ethnicity in Israel and the Occupied Palestinian Territories, in violation of Article 2 of the International Convention on the Elimination of All Forms of Racial Discrimination (which requires all parties "to engage in no act or practice of racial discrimination against persons, groups of persons or institutions") and Article 2 of the International Covenant on Civil and Political Rights (which expands the protected characteristics of individuals to include "colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status").

The companies we are focused on at this time are Ahava, Motorola, Caterpillar, Lockheed Martin, Riwal, Roadstone Holdings, Mekorot Water Company, and Veolia Transport. These companies profit from the occupation and violate one or more of the criteria identified above.

**Ahava Dead Sea Laboratories**, a cosmetics company, operates out of the Israeli settlement Mitzpe Shalem near the shores of the Dead Sea in the Occupied West Bank. Ahava’s use of Palestinian natural resources from the Dead Sea violates the 4th Geneva Convention, since it constitutes use by an occupying power of stolen resources for its own profit. Ahava’s labels claim that the country of origin of its products is “The Dead Sea, Israel,” which organizations like Oxfam have decried as blatantly misleading. While the company advertises with the slogan “this leaf has nothing to hide,” they continue to economically benefit from the illegal Israeli occupation of the West Bank and exploit the natural resources of the Palestinian people.

**Motorola-Israel**, a full subsidiary of the multinational electronics giant Motorola, has constructed a radar detector system in over two dozen illegal Israeli settlements in the occupied West Bank. In some cases, the radar towers were constructed on Palestinian land and, in other cases, newly occupied sections of land. The company also offers a similar system called MotoEagle Surveillance, which is employed in at least 16 settlements, mostly in the occupied Jordan River valley in the West Bank.

**Riwal** is a Dutch construction company that provides equipment used in the construction of the wall around the West Bank and East Jerusalem. Lima Holding, which operates in Israel under the Riwal brand name, provides mobile cranes for putting into place the 9-metre high concrete slabs that make up the Wall. In 2006 the Dutch foreign minister, Maxime Verhagen, warned Riwal to terminate its involvement in building the Wall, citing the 2004 ICJ advisory opinion that the Wall is illegal. In 2007, after evidence showed that Riwal was still providing equipment to contractors building the wall, Verhagen again warned Riwal. “I expect Riwal to stop providing cranes for the wall. I hope this is the last we hear of it.”

**Cement Roadstone Holdings** (CRH) is an Ireland-based multinational corporation. CRH benefits from a monopoly on cement production within Israel through its 25% holding in the Israeli group Mashav Initiating and Development Ltd., which is the holding company for Nesher Cement. Nesher stands as Israel’s sole producer of cement, providing it with the material it has used to build the wall, checkpoints, and settlements on Palestinian land. Numerous reports cite Nesher’s usage in
construction sites on West Bank settlements and in the construction of the Israeli-only light rail project in Jerusalem, which connects illegal settlements with the city center.

**Caterpillar** supplies custom-made D9 bulldozers to the IDF, which uses them to destroy Palestinian homes, orchards and olive groves in the Occupied Territories. Israel also relies upon them to clear Palestinian land for illegal Israeli settlements, Israeli-only roads and the wall. Despite years of corporate engagement by investors, Caterpillar is expanding its role in the occupation, recently announcing a joint venture with InRobTech to develop unmanned remote-controlled bulldozers for Israel.

**Lockheed Martin** supplies the Israeli military with AGM-114 Hellfire Missiles and F-16s, both routinely used to bomb Palestinian homes and kill innocent civilians in acts of collective punishment. It stands as the single biggest overseas supplier for the Israeli armaments industry, having received at least $4.4 billion since 1995 for supplying missile systems and fighter planes to Israel. According to a military trade publication, Lockheed also produces Israel’s main battle tank, the Merkava MK-4.

**Mekorot Water Company Ltd.**, a government-owned company that manages Israel’s water resources and supplies about four-fifths of the total water used in the country, distributes water in an inequitable manner between Israeli settlers and Palestinian civilians in the West Bank. While Israeli settlers receive on average 127 cubic meters per person per year, Palestinians average 26. Israel controls over 80% of the water resources in the West Bank and Gaza Strip and has built settlements and the wall in parts of the West Bank with strategic water reserves. With 115 settlements located in areas deemed ‘highly sensitive’ given their supply of water, Mekorot regular conducts operations in and around these illegal entities. Mekorot also supplies water to the Palestinian Authority and Jordan, though on similarly inequitable terms.

**Veolia Transportation**, a partner in the CityPass consortium, owns Connex, a central partner in a new $500 million light rail system designed to link Jerusalem to the illegal settlements of the occupied West Bank. The rail line itself, constructed on stolen Palestinian land, will be Israeli-only, discriminating against Palestinians who would not be able to use the line. Connex recently secured a contract to operate the system for the next 30 years.

Selective divestment from Israel builds on the precedent Stanford set through its divestment from apartheid South Africa in the 1980s and recently from Darfur, Sudan. In 1986, Stanford, after strong grassroots activism led by the student group Stanford Out of South Africa, divested $5 million of Motorola shares after it was shown it had sold its products to the South African military. Within a few months, Stanford decided not to invest new shares in USX (formerly US Steel) and Diamond Shamrock due to similar concerns regarding where the money was being invested. The campaign of divestment, boycott, and sanctions across collegiate campuses played an important role in ending the apartheid system and building a free South Africa where all citizens are treated equally under the law. Recently, the university, after just three months of lobbying led by Students Taking Action Now:
Darfur (STAND), voted to divest from four petroleum companies that supported the Sudanese government in carrying out human rights abuses. As President Hennessey explained, “it was clear that the genocide occurring in Darfur, which appears to be at least partially enabled by these four companies, is in direct opposition to Stanford University’s principles.”

The campaign across the United States and Europe to divest from such companies has gained significant momentum over the last decade, especially following the call for divestment, sanctions, and boycott issued by Palestinian civil society, represented by 171 NGOs, in July 2005. The Presbyterian Church, in July 2004, adopted a policy of divestment from certain companies in Israel as a means of influencing governmental policy. The British Anglican Parish of Virginia Water in October 2006 divested from the Church of England’s Central Board of Finance in protest over continued support for corporations involved in the Israeli occupation. Similar decisions to pursue boycott and divestment from Israel have been undertaken by the Canadian Union of Public Employees, the Academic Union of Teachers in the United Kingdom, the Foreign Affairs Committee of the Irish Parliament, and many others.

On American campuses, Hampshire College, the first university to divest from apartheid South Africa, successfully divested in February 2009 from corporations that profit from the occupation after a successful campaign led by concerned students. Divestment campaigns have also been launched across the country, including at Harvard, Georgetown, UC Berkeley, University of Wisconsin, Ohio State, and Brown.

Divestment from Israel reflects the values upon which Stanford has been built. The university’s founding grant stipulated that the objectives of the university include “promot[ing] the public welfare by exercising an influence on behalf of humanity and civilization.” Stanford’s Code of Conduct further requires the university “to ensure we fulfill our legal and ethical obligations… to persons outside Stanford.” The Stanford Challenge further highlights the university’s commitment to “seek solutions for society’s most formidable problems” and pursue peace, security, and advanced human well-being. Such lofty ideals are contradicted by investment in companies that violate human rights and support apartheid and we must fight to reestablish these principles. As former Stanford President Donald Kennedy wrote with regards to South Africa, “apartheid is a form of mandated segregation that no civilized nation should continue to tolerate.”

Bloodshed, dispossession, suffering, and deep-seated animosity have been the principal themes governing Arab-Jewish relations since the creation of Israel more than sixty years ago. Palestinians and Israelis both deserve a better future—one of peace, prosperity, freedom, and justice. While the prospects for peace often seem bleak and we may feel that no effort can solve the ongoing conflict, we, in fact, can do something. Just as divestment helped end systematic apartheid in South Africa and greatly advanced the dialogue on human rights violations in the Sudan, it can make a difference in Israel and Palestine. Given the great imbalance of power that exists today, with the United States
firmly supporting the Israeli government, only external pressure on Israel can bring it to the negotiating table and create peace. Through selective divestment, Stanford can play a role in generating pressure to end apartheid and bring peace to the region.

1 http://www.alhaq.org
2 http://fmep.org
3 http://www.ifamericansknew.org/stats/econ.html#source
4 http://www.btselem.org/English/Statistics/Casualties.asp
6 http://www.btselem.org/English/Jerusalem/Discriminating_Policy.asp
ant_hit_by_israeli_airstrike_is_insured_by_us_agency
10 http://www.state.gov/g/drl/rls/hrrpt/2009/nea/136070.htm
11 http://electronicintifada.net/v2/article5176.shtml
13 http://www.ynetnews.com/articles/0,7340,L-3354260,00.html
14 http://www.assoc40.org/en
16 http://www.business-humanrights.org/Documents/UNNorms
17 http://www.al-adha.ca