

September 14, 2005

www.haaretz.com

The divestment snowball

By Amiram Barkat

Reverend William Somplatsky-Jarman combines a career as a senior clergyman with the management of an investment portfolio that comprises more than \$7 billion. The portfolio belongs to the Presbyterian Church, one of the major Protestant churches in the United States, with a membership of 2.5 million Americans.

Last August, Somplatsky-Jarman became the adversary of most major Jewish organizations in the U.S. when the U.S. Presbyterian Church's Committee on Social Responsibility Through Investment, which he leads, published a list of four international corporations that, according to the committee, aid the Israeli occupation, and a fifth corporation that facilitates terror directed at Israel.

The committee is demanding the first four corporations withdraw their aid to the Israeli occupation, and is threatening to sell stock valued at \$60 million if those companies do not comply.

The companies targeted by the Presbyterian Church include Caterpillar, which manufactures bulldozers used to build the separation fence; ITT Industries, which supplies communications, electrical and night-vision equipment to the Israel Defense Forces (IDF) and United Technologies, which supplies the IDF with helicopters and other military equipment.

Motorola was included on the list because it won the tender to be the central supplier of wireless communications equipment to the IDF and because it is a major stockholder in the Mirs company. The church claims Mirs operates in the northern West Bank, without a license from the Palestinian Authority, in defiance of 1995 Oslo agreements.

In response to these allegations, a Motorola spokeswoman said, "Mirs operates in accordance to licenses from the Ministry of Communications and the Civil Administration. The unique communications services of Mirs are in use by public institutions in the PA, via a known distributor who has been operating in the PA for years."

The divestment campaign still does not pose a severe threat to these companies, and not a single company on the list has responded to the church's demands to date, but Somplatsky-Jarman is content.

In a telephone conversation with him last week, he said the response of church membership to the July 4, PCUSA decision to initiate a process of phased, selective divestment in multinational corporations operating in Israel was, "generally positive. People see we are not talking about something that has been dreamed up, and that we're doing this very slowly, very deliberately and in a focused way."

Citigroup, too

Somplatsky-Jarman's determination is evident in the significance he attaches to the Israeli

disengagement from the Gaza Strip and the northern West Bank: "There is some movement within Gaza but, at the same time, we have growth in the number of Israeli settlers in East Jerusalem and the West Bank and continued talk of trying to expand the settlements - basically to incorporate all of Jerusalem into Israel. We want to achieve a just solution of two states within borders agreed upon by both sides. Right now we don't even have negotiations."

The Presbyterian Church decided to expand its divestment campaign to include corporations that comply with terror in response to this criticism.

An announcement last month included Citigroup, one of the largest banking corporations in the U.S., on the "blacklist" of companies alongside those that aid the Israeli occupation.

The decision to include Citigroup was based on an article in the Wall Street Journal which claimed the bank was aware of the transfer of funds within its branches to charitable organizations used as fronts to funnel money to Palestinian terror.

Citigroup called the church's decision "scandalous."

Dozens of names were presented to Somplatsky-Jarman's committee, but only four were finally chosen. According to one Jewish activist central in the campaign against the divestment, the difficulty inherent in identifying corporations that comply with terror, and the Church's desire to appear balanced, dictated the choice of only a few corporations that support the Israeli occupation. "Because they only found one corporation of the first type, they could not include more than four corporations of the second type," the Jewish activist concludes.

Somplatsky-Jarman rejects this claim, "We only have the resources to responsibly engage a few [corporations] at a time. We have made a decision that initially we want to focus on companies we own stock in, but this is a phased effort and it doesn't mean we won't target the others."

The divestment campaign raises additional questions. If the selection criteria is aid to "occupying" Israeli forces, IDF forces in the territories employ a wide variety of products manufactured by international companies.

Consistence would require the initiators of the divestment campaign to boycott not only producers of bulldozers, helicopters and tanks but Intel, which produces microchips, and Microsoft, which produces IDF computers, and even food and beverage producers like McDonald's and Coca-Cola.

Somplatsky-Jarman disagrees, "Soft drinks aren't a strategic or a significant involvement. And the same is true of software like Windows, which is supplied to the IDF just as it is supplied to any other customer. If it becomes clear that a company developed specific software for the IDF, that might be a different thing." The decision to identify international corporations whose operations aid the occupation was made by the Presbyterian Church in July 2004. Since then, despite the countercampaign by Jewish organizations and the progress made in the disengagement from Gaza and the West Bank, the divestment campaign has gradually gained momentum in the mainline Protestant establishment in the U.S.

In November 2004, the Episcopalian Church made a similar decision, and will soon publish its own list of corporations involved in activities that aid the occupation. That church, too, is

threatening to withdraw investment in those corporations. The United Methodist Church took similar steps in June and the United Church of Christ will join these efforts in another month.

Israel fears the campaign will expand to resemble the boycott these churches led in the 1980s against South African apartheid. Anglican Priest Naim Atik, of East Jerusalem, who is considered one of the initiators of the current divestment campaign against Israel, says the campaign has become a snowball that cannot be stopped.

Rabbi Abraham Cooper, associate dean of the Simon Wiesenthal Center, one of the organizations fighting the campaign, prefers to use the term "juggernaut" to describe the slow but certain progress of the divestment campaign.

Cooper fears the campaign will seriously damage the Israeli economy if it goes beyond the boundaries of the church establishment to pressure vigorous investors such as labor unions and state and municipal retirement funds to divest. He cites the additional risk that "socially responsible" mutual and trust fund managers, who are careful to avoid investment in corrupt or violent nations, may add Israel to their "blacklist."

Rabbi Cooper believes the campaign may severely impact tourism in Israel if churches pressure U.S. airlines to avoid flying in and out of Israel, or encourage Christian pilgrims to choose Jordanian or future Palestinian points of entry to the Holy Land instead of Israeli points of entry.

Politically isolated

But other leaders of Jewish organizations are less pessimistic.

Ethan Felson, assistant executive director of the Jewish Council for Public Affairs (JCPA), is convinced the campaign will fail. According to him, "Although Americans don't have a great understanding of the conflict in the Middle East, they don't view it as White vs. Black South Africa. Americans know this is complex. American companies will be entirely unmoved, The result is that those who advocate for divestment are easily dismissed."

Rabbi Mordechai Liebling, who sits on the Board of Rabbis for Human Rights in the U.S., is considered an expert on divestment campaigns and, what he calls, the "shareholder activism network." As a result, he has come to know many Protestant Church officials. Liebling shares Felson's opinion. He believes predictions of severe economic fallout based on analogies to the South African boycott are far-fetched.

According to Liebling, "In the case of South Africa, multinational corporations like Ford, GM, Pepsi and Coca-Cola had factories there that were directly benefiting from the exploitation of Black labor. There are no multinational corporations benefiting from the exploitation of Palestinian labor."

Despite that, Liebling believes comparisons to South Africa may prove to be relevant in the diplomatic realm, and that Israel is in danger of becoming politically, rather than economically, isolated. According to him, the fact the campaign comes from influential religious groups raises concern that public opinion will be swayed to consider Israel a pariah state.

In that case, Liebling fears the divestment campaign may achieve an opposite goal of persuading

the Israeli and Jewish public to adopt extreme positions in response to church efforts. The Protestants, he says, "will alienate the Israeli center and the Jewish-American center. People get more intransigent when they feel attacked."

Last update - 10:58 14/09/2005 www.haaretz.com