

ISRAEL BONDS: A BAD INVESTMENT

WHY WE SHOULD DIVEST FROM ISRAELI GOVERNMENT BONDS

Like the United States, Israel borrows money from the public by selling government bonds. A buyer purchases a bond for a fixed period of time during which interest accrues. When the bond matures, the buyer can either cash it in and receive her interest payments or reinvest in new bonds. Individuals, though, aren't the only ones buying Israel Bonds. There are approximately 9,500 pension funds, 3,500 banks, 1,500 labor unions, and 500 insurance companies in the United States that invest in Israel Bonds. School districts, municipalities, and other large institutions also purchase them. One of the largest sources of institutional investment capital in Israel is from U.S. pension funds through the purchase of Israeli government bonds. Here are just a few reasons why it's time to divest from Israel Bonds:

- Israel Bonds are a financially poor investment. The major credit rating services give Israel Bonds the sixth rating, classifying them as only an “upper medium investment.” In contrast, United States government bonds receive the highest rating. With a low rate of return and a bond rating lower than what would be accepted in other foreign government bonds, Israel bonds are a poor financial choice.
- Unlike most securities, Israel Bonds cannot be traded on the open market or easily converted into cash.
- Bond money goes directly into the Israeli treasury. The money is often used for infrastructure projects, such as highways, bridges, communications links, water projects, and port and airport expansion. This money is also used for the “development” of illegal settlements in the West Bank, Gaza, and East Jerusalem.
- Within Israel, bond money is unfairly distributed. Infrastructure projects primarily benefit Jewish communities. 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. Bond money funds Israel's apartheid system in both Israel and the occupied territories.
- Israel also uses bond money to resettle new immigrants from around the world, including the United States. Many of these immigrants are encouraged to move to Israeli settlements in the West Bank and Gaza through economic incentives. 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.