US | AFRICA BRIDGE BUILDING PROJECT

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Transnational Solidarity Playbook | *Essay*

This essay is part of a series that will be included in a Transnational Solidarity Playbook to be published by the US-Africa Bridge Building Project. The series is based on the premise that progressive forces must increase our capacity to join forces across national borders, defeat authoritarian regimes and movements based on hate, and find the strength to build a future based on common humanity and justice for all.

From Disinvestment to Reinvestment

by Donna Katzin

Donna Katzin is the founding executive director of Shared Interest, which she led for 26 years, having previously directed the South Africa and International Justice Programs of the Interfaith Center on Corporate Responsibility. Having begun her work life as a community and labor organizer, she also serves as a member of the Board of Directors of Community Change.

In today's global economy, the rallying cry "An injury to one is an injury to all" has become less a slogan than a statement of fact. Racism, poverty, climate change and pandemics know no borders.

International solidarity activists who helped bring South Africa's apartheid to its knees used multiple methods to exert economic pressure for peaceful change. These included familiar strategies of consumer boycotts and sanctions by governments. Particularly innovative and effective, however, were campaigns to pressure multinational corporations to withdraw their investments and sever economic ties to South Africa. These campaigns for **disinvestment** of resources, mobilizing massive support across the globe, set precedents and provide touchstones for today's solidarity movements.

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In the United States alone, these campaigns galvanized hundreds of faith-based organizations and unions, 155 campuses, 90 cities, 22 counties and 26 states. Together they sparked the withdrawal of more than 200 multinational corporations and assets totaling over $1 billion in US direct investments. Internationally, by 1988, 445 companies had withdrawn or were withdrawing from South Africa and Namibia—87 percent of the total companies invested. Even when corporations did not disinvest, the campaigns imposed costs that moved them to exert pressures on the South African government, which felt the pinch. The international embargo of oil, which literally fueled the apartheid economy, for example, more than doubled South Africa's oil import bill to between $15 billion and $20 billion—roughly equal to its gross foreign debt (Embargo: Apartheid's Oil Secrets Revealed, p. 343).

The campaigns directed at international banks operating in South Africa were particularly instrumental. And many banks that did not withdraw or sever their ties, refused to roll over debts or renew credit for South Africa–precipitating a moratorium on international debt repayments. Together, economic pressure campaigns produced a toxic cocktail of a deteriorating currency, rising interest rates and import costs, double-digit inflation, capital flight, the specter of an international creditors' run on South Africa's banks, and declining tax revenues and resources for the apartheid state. Shortly after Nelson Mandela was elected, political power changed hands. Economic power did not. Archbishop Desmond Tutu challenged the international anti-apartheid movement, saying: *"The end of apartheid was Part One of the struggle … Part Two is more difficult. To make the miracle endure. We asked you to disinvest. Now we say to you 'Invest. Make South Africa succeed–for the sake of the world.'"*

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—Archbishop Desmond Tutu

Shared Interest, a non-profit launched in 1994, took the Archbishop at his word. It pivoted to reinvestment by establishing a guarantee fund with investors' capital to unlock South African banks' credit for low-income Black entrepreneurs, farmers, and cooperatives. The strategy turned the anti-apartheid bank campaign on its head by moving the country's commercial lenders to extend credit to their own economically disenfranchised majority. Since 1994, Shared Interest has benefited more than 2.3 million people by issuing $30 million in guarantees unlocking more than $125 million in credit to South and Southern African borrowers who would otherwise be considered "unbankable."

Racial and Immigrant Justice

Reinvestment—not new to U.S. activists and values-driven investors—had been embedded in a racial and economic justice framework. Following the U.S. social upheaval of the 1960s, and confronting banks' blatant "redlining" of low-income communities of color, grassroots advocates called for reinvestment in capital-starved neighborhoods, which established their own community development loan funds, credit unions and banks. When the Community Reinvestment Act became law in 1977, it incentivized banks to invest in low-income neighborhoods, and to contribute to community development financial institutions (CDFIs) tailoring financial products and technical support to their communities.

The disinvestment-reinvestment strategy has since taken root in other movements. The Movement for Black Lives and their allies, for example, catalyze campaigns for housing, education, health and criminal justice in communities of color. They organize to defund entities that exploit, threaten and imprison Black, indigenous and people of color (BIPOC) communities, and reallocate funds to strategies that restore their power and address their priorities. Immigrants' rights groups have protested private prisons' incarceration of 73% of immigrant detainees (compared to 9% of the total prison population), and moved eight major banks to commit to discontinue loans to these facilities, which will reduce their financing by 87%. They have also launched the #DefundHate campaign for the U.S. government to disinvest the $25 billion it annually pays to identify, jail and deport immigrants, demanding the funds be reinvested in vital services for BIPOC communities.

For People and Planet

As climate change accelerates, many international environmental activists are demanding disinvestment from fossil fuels and reinvestment in renewable energy. Since 2012, their campaigns have pulled institutional investments totaling $11 trillion out of fossil fuels—more than 15% of all global equity funds, according to the World Bank. Recently the Rockefeller Foundation endowment, initially capitalized by oil refining and the Standard Oil Company, announced it is pulling $5 billion out of fossil fuels and focusing investment on renewable energy. Racial and economic justice lenses are key, as the communities hardest hit by climate change, whose members contribute least to the problem and have the fewest resources to combat it, are most often low-income and people of color.

Key Definitions

by Project editor William Minter

Disinvestment-Reinvestment refers to the goal of shifting resources (by corporations, governments, or individuals who control significant investable wealth) out of a targeted country, geographical territory, economic sector, or government budget sector and into other places or sectors more beneficial to the public welfare.

The shorter terms "Divestment-Investment" or "Divest-Invest" are also commonly used to describe this goal. But strictly speaking divestment refers to only one of many strategies and tactics used to pressure corporations to change their use of resources, that is, by mobilizing shareholders to sell their shares in a targeted company and invest in a more acceptable alternative.

Strategies for economic pressure that may be used on their own or to incentivize corporations, governments or individuals to act are rapidly evolving, often employed simultaneously, and too many to list. Used both in domestic and transnational contexts, these include strikes by workers, sanctions by governments, and corporate campaigns against "bad actor" companies using multiple methods. Such campaigns may use not only divestment, but also public education, protests, "naming and shaming," and consumer boycotts. Governments at all levels can influence corporate behavior by regulations, subsidies, and/or penalties, such as selective purchasing agreements.

Individual or institutional investors in corporations can also screen their investment portfolios according to negative or positive environmental, social, and governance (ESG) criteria. Or they can engage in shareholder activism through such initiatives as corporate dialogues and filing shareholder resolutions. As scholars and activists have long noted, these initiatives alone, in the absence of continued direct strategies by social justice activists, may serve to deflect criticism rather than to promote real change. That was the case for the Sullivan Principles in South Africa, for example. For a more general analysis of transnational codes of conduct, based on cases in India and Guatemala as well, see the article and book by Gay Seidman.

During apartheid, international activists challenged multinational corporations threatening South Africa's natural environment and the lives of its people. They targeted companies like American Cyanamid, which leaked mercury into the Umgeni River, poisoning downstream drinking water. U.S. shareholders working through the Interfaith Center on Corporate Responsibilities (ICCR), with South African environmental and community groups and Cyanamid's workers, pressured the company to withdraw its toxic practices and presence from South Africa.

...“reinvest” by pricing vaccines affordably and delivering them equitably to low-income countries and communities.

They also organized against oil companies with community and labor support. One spirited campaign—best known for its bumper sticker (Get the SHELL off the Turnpike)—lost Shell its $250 million New Jersey Turnpike franchise. Internationally, the Shell Boycott is estimated to have cost the company billions of dollars (Embargo, p. 336).

Today environmental justice advocates are also developing new reinvestment tools, such as the Climate Leadership and Community Protection Act, to wean New York state from fossil fuels by 2050, and require that 40% of state climate and energy funding be invested in environmental justice communities. The Climate and Community Investment Act (CCIA) pending before the NY State Senate, would fine corporate polluters $15 billion a year, and reinvest these funds in frontline communities to create more than 150,000 green jobs and help build a state economy powered by renewable energy.

Vaccine Apartheid

Moving profit-driven companies to reinvest may be a promising direction for health justice activists. Today “vaccine apartheid” is blatant in the U.S., where people of color are three times more likely than others to die from COVID and related illnesses. More starkly, 1.7% of the African continent has received a vaccine, while the U.S. government projects that by June, 70% of its people will be vaccinated. Global south groups like those of the African Coalition for Corporate Accountability, with less financial leverage and direct access to corporate leadership but more access to directly impacted communities, have largely focused on multilateral and national policies. Organizations such as ICCR are also waging corporate campaigns in the global north to influence shareholders and companies themselves.

Global “reinvestment” coalitions could coordinate campaigns to pressure companies that use public funds for the development, manufacturing and production of vaccines, but fail to make their vaccines accessible where they are needed most. They could further require them to “reinvest” by pricing vaccines affordably and delivering them equitably to low-income countries and communities.

Disivestment to Reinvestment

In conclusion, disinvestment-to-reinvestment strategies highlight priorities for international solidarity work:

- **Ensuring that frontline communities' interests and voices are integral to the work;**
- **Building vulnerable communities' and countries' self-sufficiency** by unlocking their human, financial and natural resources for their own development;
- **Rooting campaigns in social, economic and environmental rights and restorative justice;**
- **Addressing structural causes of poverty, racism, climate change and pandemics that know no borders** by replacing exploitative, extractive systems with equitable, empowering and replenishing solutions, and reducing capital concentration in privileged hands;
- **Sustaining international solidarity campaigns that may take decades**; and
- **Continuing struggles** when the victories of a lifetime are only the beginning.

Selected Resources on Disinvestment and Reinvestment

by Project editor William Minter

Shared Interest
Investing in Southern Africa's future by guaranteeing commercial loans to low-income communities and their own financial institutions.

Movement for Black Lives
The MBL works for investments in Black communities, determined by Black communities, and divestment from exploitative institutions (such as private prisons), practices (including police surveillance and suppression of workers' rights), and extractive industries (such as fossil fuels).

Green America
Guide to Socially Responsible Investing and Better Banking.

Investors for Human Rights
An initiative of the Interfaith Center for Investor Responsibility (ICCR), including asset management firms, trade union funds, public pension funds, foundations, endowments, faith-based organizations, and family funds.

BDS
The Boycott, Divestment, Sanctions (BDS) movement works to end international support for Israel's subjugation of Palestinians and pressure Israel to comply with international law.

New Israel Fund
The New Israel Fund works to and to achieve equality for all the citizens of the state regardless of religion, national origin, race, gender or sexual orientation and to safeguard human and civil rights – particularly in the occupied territories.

Go Fossil-Free
International network of campaigns working toward freeing communities from fossil fuels.

Fossil-Fuel Divestment
News and analysis on carbon and fossil fuel divestment.