



# HOUSING AND LAND RIGHTS NETWORK

## *Habitat International Coalition*

### Open Letter to James W. Owens, CEO, Caterpillar Inc.

13 June 2006

James W. Owens  
CEO, Caterpillar Inc.  
100 NE Adams Street  
Peoria IL 61629 USA

Dear Mr. Owens:

We were once gratified to know that Caterpillar's Code of Worldwide Business Conduct recognizes "the social dimension of [corporate] responsibility [for] Caterpillar's impacts on the social systems in which we work and live." That observation is inarguable, and those impacts are variously felt across Caterpillar's worldwide operations. By its Code, Caterpillar has accepted "the responsibilities of global citizenship" and asserted that: "Wherever we conduct business or invest our resources around the world, we know that our commitment to financial success must also take into account social priorities." This solid principle grounds a position of laudable corporate accountability and sets a standard for other enterprises as well.

Unfortunately, however, these principles continue to degrade beyond recognition, firstly, at the image of Caterpillar equipment on the frontline of Israel's destruction of Palestine and, ultimately, with the collective moral descent of Caterpillar stockholders and directors since April 2004. At that time, in response to a conscientious stockholder initiative, Caterpillar's decision makers squandered an opportunity to live up to their stated principles, and decided not to. Even the preceding murder of Rachel Corrie with the Israeli-army driven Caterpillar bulldozer did not give directors and stockholders pause enough to reconsider their corporate relations.

Caterpillar's failure to reconsider its relationship with the Israeli army is no mere sin of omission. Caterpillar Inc. is consciously abetting practices recognized as war crimes and crimes against humanity. That active decision prevails still, fully two years after the International Court of Justice determined the illegality of those actions of your client and committed partner.



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Suspending the corporation's Code of Worldwide Business Conduct, Caterpillar's directors cynically have argued that such matters should be deferred to US foreign policy decision makers. However, by their cross-border business conduct and open dismissal of the consequences, Caterpillar's directors have assumed the mantle of *de facto* foreign policy decision makers.

Systematic demolition of Palestinian homes by bulldozer since 1947 is perhaps foremost among the destructive Israeli practices throughout Palestine in both physical and socioeconomic terms. This legacy evokes the systematic Israeli depopulation and demolition of 531 indigenous Palestinian villages in the first two years of Israel's proclamation of independence, and an ensuing continuum of practices that today are commonly identified with ethnic cleansing.

The continuous bulldozing of Palestinian homes has flattened 2,243 houses across both Gaza and the West Bank in 2004 alone, leaving some 14,000 Palestinians homeless. According to the UN, your client's army has destroyed or irreparably damaged over 12,000 homes since 2001 in the Gaza Strip, including some 2,990 shelters, home to 28,500 refugees. In 2005, Israel used bulldozers to destroy at least 114 Palestinian homes in Jerusalem, and 50 in Gaza. Since 25 January 2006, Israel has likewise destroyed at least 48 Palestinian homes on the pretext that they lacked Israeli permits.

Since your last stockholders meeting, your official Israeli business partners have conducted much of their bulldozing destruction in the path of Israel's Separation Wall snaking across the West Bank. Surely you know that the International Court of Justice has advised the international community "not to render aid or assistance in maintaining the situation created by such construction." Building the Wall has involved uprooting hundreds of thousands of olive, citrus and other fruit trees, representing the livelihood of the indigenous communities; destroying hundreds of wells and agricultural storehouses; and tearing up roads and blocking thousands of others with concrete and earthen mounds. The Wall continues to displace thousands of people from their homes and deny them their livelihoods. Much of this deprivation is enabled by equipment that Caterpillar consciously provides for the nefarious task. This concern was the subject of the 18 May 2004 letter to you from the UN Special Rapporteur on the right to food, which famously went unheeded.

A growing public now understands Caterpillar's association with these international criminal acts. Meanwhile, the Caterpillar website quotes you, Mr. Owen, remarking that Caterpillar's "reputation for making a difference in the world is something we are proud of as a company—and as individuals. Whether it's caring for the safety of our fellow employees, improving the communities in which we live and work, or sustaining the environment we all share, Caterpillar people are fully committed to and engaged in good corporate citizenship. We are doing well by 'doing good' all around the world." However the knowing sale of Caterpillar equipment to Israel for purposes of demolition and dispossession of Palestinian communities runs contrary to all claims of "good corporate citizenship."

It would seem essential that a company at once identified with both ethnic cleansing *and* self-acclaimed social responsibility should take a more-responsible stand in the interest of its own

integrity. At its 2006 stockholder meeting on 14 June, Caterpillar still faces an inescapable choice, precisely because its Israeli customers have helped widen the chasm of the corporation's ethical contradictions and invited the global public's perception of them.

With so much bad will accruing to Caterpillar's account, we urge its CEO, directors and shareholders to take the necessary, conscientious steps to restore their plummeting moral stock by formally, visibly and effectively denouncing their clients' illegal and criminal use of Caterpillar products. This minimum step includes genuine cooperation with human rights defenders and monitors, including cooperation with the investigation and prosecution of the murder of Rachel Corrie. At a minimum also, Caterpillar representatives should find an alternative to their disingenuous deference to foreign policy makers, so notorious for failing to uphold the human rights provisions of the Foreign Assistance Act (1961).

Of course, a morally and legally grounded position by Caterpillar would have meaning only if it also accompanied the cessation of further sales and/or transfer of Caterpillar equipment and spare parts to those who have abused them at a cost to Caterpillar's public reputation, including Israel foremost. That naturally calls for refraining from the sale of Caterpillar equipment and parts to the Israel military and other relevant state bodies. Those include the Jewish National Fund, Jewish Agency and World Zionist Organization and their affiliates, particularly as all act on behalf of the State of Israel and engage in illegal population transfer and colonization practices.

Should Caterpillar's directors and stockholders resolve to take such corrective measures, we would remain ready to provide further information on the related issues, in order to clarify Caterpillar's corporate responsibility and repair its plummeting reputation. We also look forward to your corrective response and to further correspondence with Caterpillar Inc. toward using its resources, capacities and opportunities someday actually to build a better world.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph Schechla', with a long horizontal line extending to the right.

Joseph Schechla  
*Coordinator*