

## **New report from Pax Christi Executive committee member on Pension Funds and cluster bombs**

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The Local Authority Pension Fund Forum (LAPFF) comprises 61 pension funds. Many of them will have investments in arms companies. The chances are that you will be paying money in to these investments through your Council Tax. In other words, you are allowing your Council to give your money to arms-dealers like Lockheed Martin (Trident, F-35s), Thales (Drones), Textron (cluster munitions), etc, etc, etc. In the West Midlands, there has been a campaign running for the last two years to persuade the seven district councils to disinvest from arms production.

If the WMPF were to cancel all its investments overnight, this would amount to a reduction of £100m in the Fund's investments, which is a lot of money, but only 0.1% of the total value of the fund. If the WMPF then gave away this money, because it didn't know what else to do with it, apart from investing it in arms companies, all its members would lose 0.1% of their pensions. (I suppose WMPF could just give it back to their members, tax-free, in a nice lump sum.) But anyway, if you lost 0.1% of your income, would you notice? In my case, this would be £1.50 a month. I really don't think I would notice. But that is the nightmare scenario. Don't worry, West Midlands pensioners, the WMPF is not allowed to do things like that. The £1.50 in question would be replaced with other kinds of investment, hence income. So, no one needs to lose. Life doesn't have to be all misery, believe it or not. Except if you're on the wrong end of a Hellfire missile. In which case, the misery is total, I believe.

Anyway, back to the LAPFF. If you decide to raise the issue of arms investments with your local council, sooner or later you will come up against the procedure known as 'engagement'. No, you don't have to marry the Lord Mayor. What they mean is that they refuse to believe that they have made a mistake in their investments, and cannot possibly pull out from them. The best they can do is claim to enter in to discussions which appear to have no more drastic outcome than, well, further discussions, or 'dialogue', as they call it. The other end of their six-point scale is 'Substantial improvement'. There appears to be no provision for stopping investments.

To take a real, and current, example: the West Midlands Pension Fund has several million pounds invested in companies which make and sell cluster bombs. Only after months of sustained pressure from local people has the Fund reached the point of 'engaging' with these firms. This, in spite of everything, is an achievement. The results have just been reported by the LAPFF.

They approached Textron, Lockheed Martin and Singapore Technologies Engineering, out of a larger group of suspect firms which the campaign had put forward. None of these firms had ever been approached by the LAPFF before, and I suspect that this is the first time any arms company has been so approached by the LAPFF. Another achievement. Having confirmed that the companies were aware of the International Convention of 2008 which seeks a worldwide ban on these weapons, and established that they were based in countries which are not party to it, they were asked whether they make and sell cluster munitions. (This is the wording used in the report; we do not have the wording used in the discussions.) Singapore Technologies admitted they did, but Textron and Lockheed Martin said that they no longer did. (Which is at least an admission that they used to.) The

conclusions drawn by LAPFF from the 'engagement' were that Singapore Technologies needed 'dialogue', but that Textron and Lockheed Martin had given 'Reasonable responses'.

The report put out by the LAPFF does not say whether any checks were made on the reliability of Textron and Lockheed Martin's answers. Checks would not have been hard to carry out. My own obsolescent laptop, for example, was able to come up with data within seconds which provides prima facie evidence of activities contradicting the 'reasonable assurances' given to the LAPFF investigators. Textron is shown to be in the middle of at least two contracts for cluster munitions destined for South Korea and Saudi Arabia. Lockheed Martin components are being used in the South Korea contract. The information comes from 'Defense Industry Daily', dated May 29 2014, and the 'US Department of Defense', dated August 20 2013. Personally, I trust them both. Finally, the contract awarded for South Korea carries the guarantee that no more than 1% of the ordnance will fail to detonate, and requires a promise from South Korea that the weapons will not be used where civilians are present, either usually or incidentally. The contract is for 367 units, each containing 40 'lethal, self-guided projectiles'. That makes 14680 projectiles, of which 146 may not explode immediately, but lie in wait for civilians to come across them later. This, I think, is where we came in....

Local members of the Fund have now called on the Committees which manage WMPF to return to this matter at their meetings in March. Pension Funds and other investors are increasingly receptive to arguments for disinvestment which emphasise Reputational Risk to the Fund, and in fact WMPF used this criterion as a way of approaching the companies we have been discussing. Another line which investors may choose to take is the stipulation not to assist the trade in cluster munitions, contained in the 2008 Convention.

All of these points, and more, have been put to WMPF. If they are afraid to act on ethical grounds alone, there are plenty of other options they could take. The tide may be turning in our favour.