



WOMEN, PEACE AND SECURITY: BUSINESS AS USUAL?

This article is part of the WPP Publication bundle “Women, Peace & Security: Business as Usual?”, providing a critical exploration of the link between the private sector and the implementation of the Women, Peace & Security agenda.

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Disarming through Divestment Susi Snyder & Suzanne Oosterwijk

Once hidden behind the curtains of government bureaucracy, the private sector's role in peace and security is becoming more and more public. The cold light of day has shone on weapons manufacturers and their profiteers since the famous speech of US President Dwight D. Eisenhower, when in 1961 he said:

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.¹



Over the past few decades, published studies and persistent advocacy have further exposed the relationship between the military and the industrial complex. The demand for transparency has helped shape efforts to control the arms trade. Today it is woven into the confidence-building measures that lead to disarmament.

That said, it is significant to note that the language of armament and disarmament is highly gendered. A gender analysis also proves illuminating when we try to understand efforts to restrict or abolish inhumane weapons. Thanks largely to advocacy from women's peace organizations, the Arms Trade Treaty (ATT) became the first-ever legally binding regulation to recognize the link between gender-based violence (GBV) and the international arms trade. The ATT highlights how arms trade, possession, and use have specific gender and power dimensions that need to be further addressed and examined.² What's more, women face unique devastation from nuclear weapons usage, such as in the effects of radiation on reproduction and maternal health. Gendered consequences also manifest in the distinct social challenges that come with how men and women are treated as victims in communities. Gender functions as a symbolic system: our ideas about it permeate and shape our ideas about many other aspects of society that go beyond male-female relations. Among them are politics, weapons, and warfare.

Gender extends into areas that exist between the financial sector and the weapons industry as well. Investors generally use language similar to language used by weapons manufacturers and the military complex. They want to get the biggest bang for the buck, the highest return on investment, the most for their money. The language of profit creation is, much like the language of weapon wielders, tainted with gendered tones.

The globalized world has a wide range of financial operations. These include privately owned and state-owned institutions, banks (commercial and investment), insurance companies, investment funds, pension funds, export credit agencies - the list could go on. With the majority of companies relying on markets to supply their operating capital and organizations to provide their services, these financial institutions affect nearly every segment of human activity.

Investments are not neutral. Financing and investing are proactive choices, based on the assessment of a company and its corporate vision. Any financial service delivered to a company reflects a condoning, if not downright approval, of its activities. Financial institutions provide crucial and necessary support for a company to carry out its projects. Through their selection of which companies to invest in or service, along with which projects to finance, financial institutions have a huge impact on societies and the environment. Choosing to avoid investment in controversial items or the company that make them - from tobacco to nuclear arms - can catalyze changes in global policies. That, in turn, can reduce the chances of humanitarian harm. After all, no money means no production.

For PAX, a Netherlands-based organization working on a broad range of peace and security issues, the private sector's role is crucial. Analysis of it has compelled PAX to take the lead in global divestment campaigns linked to humanitarian disarmament. They are the Stop Explosive Investments campaign, which aims to end investment in cluster munitions producers, and the Don't Bank on the Bomb campaign, which aims to end investment in companies involved with nuclear weapons.

These efforts, in conjunction with broad civil society campaign coalitions,³ are predicated on solid research. They are encouraged, moreover, by the fact that the humanitarian disarmament sphere has room for new actors, notably from the financial sector. That's to say, the financial sector has the ability to stop the flow of capital to the producers of inhumane weapons. By at least enacting policies to prohibit investment in these companies,⁴ the financial sector can have a deep and lasting impact on the strategic direction of corporations.

Why Does PAX Work on Divestment?

PAX works to prevent the catastrophic harm caused by nuclear weapons and cluster munitions. The organization seeks to stop their production by encouraging global financial institutions to divest from the companies producing them. Showing which institutions invest in cluster munitions or nuclear weapons companies, PAX publishes two key reports: "Worldwide Investments in Cluster Munitions: A Shared Responsibility" and "Don't Bank on the Bomb."

In short, PAX strives to reduce available capital for weapons production. It urges investors to uphold a stronger socially responsible investment standard. At the same time, PAX works to further stigmatize these weapons and engage the general public in innovative ways, while building norms across the financial sector that can lead to sustainable investing.

Cluster munitions cause widespread civilian harm during their actual usage and years, sometimes decades, afterwards. That is why they were banned under the 2008 Convention on Cluster Munitions (CCM) and why countries that signed the treaty have committed to no longer use, produce, stockpile, or transfer them. Yet, while such countries must stop producing cluster munitions, some financial institutions in or from them may continue to fund their production by investing in corporations that manufacture cluster munitions elsewhere.

Investing in a cluster munitions producer supports development and production of these weapons that cause unacceptable humanitarian harm. PAX's work in the Stop Explosive Investments campaign is an extension of efforts to implement the CCM. One way it does this is by spreading understanding that prohibitions in that treaty also extend to financing the production of weapons.⁵ Besides encouraging financial institutions to articulate clear policies on ethical investment with respect to cluster munitions, the campaign urges governments to adopt legislation banning investment⁶ in them. To date, ten states have enacted legislation that prohibits investment of various forms in cluster munitions.

PAX also works on nuclear weapons divestment. Increasing the stigma around nuclear weapons and demonstrating a whole society's opposition to their possession expedites negotiations to make them illegal, which, in turn, facilitates their elimination. No weapon was ever eliminated before it was outlawed. No weapon is outlawed without first becoming stigmatized. The stigmatization is more important than we may realize. We know that nuclear weapons are bad, but we must be much louder in defining them as unacceptable, as illegitimate.

Almost 70 years after the first use of nuclear weapons, some 16,000 remain in the arsenals of nine nuclear armed nations. The few countries that keep these weapons of mass destruction are planning to spend more than one trillion US dollars over the next decade to maintain and modernize them. While the majority of that funding comes from taxpayers in the nuclear armed countries, the Don't Bank on the Bomb report shows that the private sector is also investing significantly in the private companies that produce, maintain, and modernize the arsenals in France, India, the UK, and the US. These investments are made by banks, pension funds, and asset managers.

The Don't Bank on the Bomb campaign is a way for PAX to contribute significantly to the stigmatization, outlaw, and elimination of nuclear weapons. By following the money, we can cut it off, and while not the only necessary step to make nuclear weapons extinct, it will help.

Why Should Campaigners Consider Engaging in Divestment Campaigns?

The public has become increasingly aware of how financial institutions behave and invest their money. A number of reasons have been cited, including the recent financial crisis, calls for austerity, and a growing trend in ethical investment. Investment with impunity is no longer the norm. Most people, especially those living in countries without nuclear weapons and those committed to a cluster munitions-free world, would be shocked to know that their money is going towards the companies involved with these weapons. No one wants to learn that their money or financial institution is connected to the production of weapons that are either illegal (i.e. cluster munitions) or should be illegal (i.e. nuclear weapons). Still, everyone has the opportunity to do something about this.

The Stop Explosive Investments and Don't Bank on the Bomb campaigns focus on changing the policies and practices of financial institutions in order to deny the companies the investments they need to, respectively, produce or develop cluster munitions and/or explosive submunitions, or to make, test, maintain, modernize, or trade nuclear weapons or their key components.

Public pressure and media attention can change the ways of financial institutions. They can encourage the development of policies that prevent any investment in nuclear weapons or cluster munitions producers. There are also more sustainable options available in the financial world. For instance, index trackers, financial instruments that attempt to replicate the movement of stock exchanges, can exclude certain types of weapons from portfolios. To illustrate, MSCI Global ex Controversial Weapons Indices excludes companies involved in cluster bombs, landmines, depleted uranium weapons, and chemical and biological weapons. The large American asset manager BlackRock offers index funds based on the MSCI Global ex Controversial Weapons Indices. As demonstrated by the financial institutions listed in the Stop Explosive Investments' Hall of Fame,⁷ investing - or rather, *not* investing - in cluster munitions producers is a choice.

Divestment campaigns are often cross-cutting projects, including a range of humanitarian disarmament initiatives and ways to incorporate new actors in civil society. Social media and networking across issue areas help engage the public in campaign actions. Banks have large customer bases, which means that campaigners have high numbers of potential supporters. If enough people take action and express concern about their bank or pension fund investing in nuclear weapons or cluster munitions producers, or if enough customers threaten to withdraw their funds and change banks, financial institutions may be swayed to divest from such corporations.

After all, almost everybody has a bank account, bringing the issue of harmful investment home to the general public. While it is unlikely that divestment by a single financial institution would create sufficient pressure on a company to end its involvement in inhumane weapons work, divestment by even a few institutions based on the same ethical objection can have a significant impact on a company's strategic direction. Exclusions by financial institutions do have a stigmatizing effect and can impact corporate activities.

What Are the PAX Divestment Campaigns and How Have They Had Impact?

Research coordinated by PAX shows that over 493 billion US dollars have been invested in nuclear weapons producers and over 27 billion in cluster munitions producers. Published in 2015, the research into nuclear weapons companies spans January 2012 to June 2015; published in 2014, the research into selected cluster munitions producers spans June 2011 to September 2014. PAX's Hall of Shame lists cite financial institutions that invested in these companies during those periods. The Don't Bank on the Bomb report⁸ lists 382 and the Worldwide Investments in Cluster Munitions report⁹ lists 151. These are significant investments by a significant number of global financial institutions in companies involved in the production of key components for indiscriminate weapons.

On a positive note, a number of financial institutions have enacted policies banning such investment. The Don't Bank on the Bomb's Hall of Fame¹⁰ highlights those financial institutions that put in place comprehensive policies banning all types of investments in nuclear weapons and cluster munitions producers. Financial institutions listed in the runners-up category are commended for taking steps though their policies still contain certain loopholes. These institutions have taken responsibility and, so far, only partly ended their involvement with nuclear weapons or cluster munitions companies.

Indeed, there are indications that companies are feeling the pressure. Lockheed Martin, self-described as the world's largest arms manufacturer, announced a ceasing of its involvement with the production of rockets, missiles, and other delivery systems for cluster munitions, and stated it will not accept such orders in the future. The US company also expressed the hope that this decision would enable their re-inclusion in investor portfolios. The implication is that pressure by financial institutions influenced the decision. It seems clear that the financial world has had - and can continue to have - an impact.

What Lessons Can Be Learned for Other Campaigns?

Divestment campaigns have proven especially effective in stigmatizing inhumane weapons, spurring political action, and engaging the public in concerted efforts. Divestment enables citizens and civil society to sway financial institutions to adjust their policies. It enables them to engage with governments and intergovernmental organizations to encourage national legislation and international regulations prohibiting investments in inhumane weapons.

Active support from financial institutions is crucial to the success of worldwide efforts to eliminate nuclear weapons. Divestment from nuclear weapons companies is an important way for banks, insurers, pension funds, and asset managers to contribute to the delegitimization of nuclear weapons, to challenge programs to modernize existing nuclear arsenals, and to prevent the further proliferation of nuclear weapons. Furthermore, divestment reflects the fact that clients do not want their money in companies that make or maintain weapons of mass destruction. Over the years, many financial institutions have developed ethical policies that exclude investment in anti-personnel mines or cluster munitions producers. Some financial institutions have also excluded producers of nuclear weapons or placed restrictions on investing in these companies. By publishing the Don't Bank on the Bomb report, we encourage other financial institutions to evaluate their policies and the implementation thereof, and encourage people to pressure them to do so.

Divestment is not the only step that needs to be taken on the path to a world without nuclear weapons, cluster munitions, or other inhumane weapons. But it is an important one. A coordinated global effort for divestment from producers of these weapons can help halt their production, development, and modernization. It can strengthen the international norm against these weapons. And, specifically for nuclear weapons, it can build momentum towards negotiations on a full-out ban. It is high time for financial institutions to take responsibility to end these inhumane investments.

To find out if a financial institution invests in cluster munitions producers, go to www.stopexplosiveinvestments.org

To find out if a financial institution invests in nuclear weapons producers, go to www.dontbankonthebomb.com

Notes

¹ Dwight D. Eisenhower, 1961, “Military-Industrial Complex Speech,” <http://coursesa.matrix.msu.edu/~hst306/documents/indust.html>

² See also WILPF, “Gender-Based Violence and the Arms Trade Treaty,” August 2015, http://www.reachingcriticalwill.org/images/documents/Publications/GBV_ATT-brief.pdf

³ Notably, the Cluster Munition Coalition (www.stopclustermunitions.org) and the International Campaign to Abolish Nuclear Weapons (www.icanw.org)

⁴ Inhumane weapons are weapons that do not distinguish between civilians and soldiers. They are made to target as many people as possible and often have long-lasting humanitarian consequences, even decades after the end of conflict.

⁵ According to p. 2 of the Stop Explosive Investments “Campaign Guide”:

Article 1(1)(c) of the Convention on Cluster Munitions states: “Each State Party undertakes never under any circumstances to assist, encourage or induce anyone to engage in any activity prohibited to a State Party under this Convention.”

<http://www.stopexplosiveinvestments.org/uploads/Campaigners%20guide%20-%20GOVERNMENTS.pdf>

⁶ “Legislation, Stop Explosive Investments,” <http://www.stopexplosiveinvestments.org/legislation>.

⁷ Roos Boer, Anne Cukier, Annie Herder, Suzanne Oosterwijk, and Michel Riemersma, 2014, “Worldwide Investments in Cluster Munitions: A Shared Responsibility,”

http://www.stopexplosiveinvestments.org/uploads/pdf/Worldwide%20Investments%20in%20Cluster%20Munitions;%200a%20shared%20responsibility_2014.pdf

⁸ Susi Snyder, Wilbert van der Zeijden, and Maaïke Beenes, 2015, “Don’t Bank on the Bomb: A Global Report on the Financing of Nuclear Weapons Producers,” http://www.dontbankonthebomb.com/wp-content/uploads/2015/11/2015_Report_web.pdf

⁹ Boer et al. (2014).

¹⁰ Snyder et al. (2015).