

Canada Pension Plan (CPP): Mandatory Investments in the Business of War

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All Canadians over 18 years of age make mandatory Canada Pension Plan (CPP) payments throughout their working lives. There are currently some 16 million Canadians who have contributed to, or who benefit from, the CPP. Upon retirement, Canadians who have paid into the CPP, are entitled to receive monthly pension payments.

CPP Investment Board (CPPIB) is a private investment corporation – independent from the government – that manages all the monies contributed by Canadian workers. Most of the money is invested by buying shares in publicly-traded Canadian and foreign companies (i.e., public equities).

It's Mandatory to Invest in War!

The CPPIB is investing in at least 170 corporations with military contracts. Canadian workers are therefore being forced to invest their earnings in military corporations. These military investments inherently contradict the be-

Through mandatory contributions to the CPP, Canadian citizens are currently being forced by the Liberal government to invest **\$2.5 BILLION** in domestic and foreign military corporations. Included among the war industries in which Canadians *must* invest are many of the world's largest arms producers.

nevolent and humanitarian intent of the CPP's role to supplement the retirement income of Canadians.

When Canadians retire and claim their pensions, they receive monies from investments in corporations that profit from war. For people of conscience who want to promote peace, it is unacceptable to be forced to invest in military products and services that are used to facilitate the waging of wars. Many Canadians do not want to benefit at the expense of innocent people who inevitably die in war.

Over the past 100 years, the percentage of civilians among war casualties has continued to increase. Nowadays, the vast majority of war victims are not military combatants, but innocent civilians. Their deaths are callously termed "collateral damage." The profits of military contractors increase during war, and those profits depend on the continuing need for wars. Fundamentally, such military profit and civilian deaths are an unethical, vicious circle.

countable for the investments that they make on behalf of Canadians. It is also distressing that Canadians have no way to stop their money from being invested in unethical corporations. Neither is there any mechanism for Canadians to withdraw their CPP investments from corporations which they do not wish to support.

It is ironic that the wellbeing of the elderly is linked, in part, to investments in military corporations that depend on war. If wisdom is to come with age, what a grievous short-circuiting of logic to try to inform the wise that war is good business, and will support them in their golden years.

The War in Iraq

Questioning the CPPIB's investments in war industries is even more important because most Canadians oppose the latest U.S.-led war in Iraq. There is a widespread misperception that the Canadian government took a stand against participation in this war. The CPPIB, however, is still investing in corporations that are facilitating, and profiting from, this illegal conflict. Most Canadians probably do not realize that through their CPP investments in the world's top arms industries they are complicit in profiting from this war, whether they like it or not.

CPPIB on Ethics

The CPPIB says that it maintains a strictly limited form of social investment policy. The CPPIB's Board states that "companies that respect the environment, human rights, fair employee practices, community relations and otherwise act in an ethical manner tend to perform better over the long term." The CPPIB makes clear, however, that its primary mandate is to maximize profit and that although "[s]ome Canadians are concerned that CPP assets may be invested in companies and

CPP Investments in the World's Top 20 Military Corporations total \$118 million

Corporation	Country	CPP
1. Lockheed Martin	USA	✓
2. Boeing	USA	✓
3. Raytheon	USA	✓
4. BAE Systems	UK	✓
5. Northrop Grumman	USA	✓
6. General Dynamics	USA	✓
7. Thales	France	✓
8. EADS	Netherlands	✓
9. Finmeccanica	Italy	✓
10. Honeywell	USA	✓
11. L-3 Communication	USA	✓
12. SAIC	USA	✓
13. Mitsubishi Heavy Ind	Japan	✓
14. General Electric	USA	✓
15. DCN	France	✓
16. Rolls Royce	UK	✓
17. GKN	UK	✓
18. Computer Sciences	USA	✓
19. Alliant Techsystems	USA	✓

Source: This ranking for 2002, is from *Defense News*, July 21, 2003.

Withdrawing our Consent

Most Canadians are, however, probably unaware that the CPPIB invests in military corporations. We believe that if Canadians were aware that their pension money was being invested in industries that profit from war, most would disapprove. Unfortunately, even if Canadians were aware of the unethical nature of the CPP's investment strategy, there is no apparent, legal way to conscientiously object.

Because the money invested by the CPPIB is obtained through a federal government mandate, it is not unreasonable to demand that the CPPIB be made more democratic.

Although the CPPIB claims to be responsive to public concerns, there are no means to hold the CPPIB ac-

countries with whose activities or policies they do not personally agree," it is impossible for the CPPIB to address these concerns.

The CPPIB's stated excuse for ignoring the ethical implications of its investments is two-fold. They say that:

(1) the legislation governing the CPPIB does not permit investment screening for ethical reasons,

(2) "While social investing is easily applied by individuals and small groups of like-minded people, it is extremely difficult, if not impossible, to implement for an institutional investor representing over 16 million contributors and beneficiaries with a wide cross-section of personal beliefs." (www.cppib.ca/how/social/index.html)

The CPPIB's argument against ethical investment errs on both counts:

(1) Legislation *can* be changed to reflect the will of the people. What legislation permits is relevant only as long as Members of Parliament retain such legislation and regulation. If Canadians demand that their retirement pension funds be invested ethically, then that can be made possible by an act of Parliament, and

(2) Governments *do* govern masses of people. Various ethics, morals, codes of conduct and other guides to individual and collective behaviour, *are* expressed in modern governance. Saying that to do this within the realm of finance is extremely difficult, if not impossible, is to ignore the fact that governments deal with such difficulties all the time, and they do manage to establish reasonable and supportable limits on behaviour.

Ethical investment practices are at times widely discussed and adopted even among some large corporations. The CPPIB should be able to do so as well. This would simply require creating, and then following, clear ethical investment guidelines. This would no doubt take time and effort but it would be a worthwhile endeavour.

Canadians should inform the CPPIB, their federal government and the media that they do not want their pensions to grow at the expense of international peace and human rights. Canadians should demand that the CPPIB stop investing their pension money in corporations that profit from the business of war.

Table 1: CPP Investments in Canadian Military Contractors, 2003

Corporation	Location(s)	Market Value (\$ Cdn)
Aastra Technologies	Concord, BC	6,733,000
Atco Ltd	Calgary, AB	24,426,000
ATI Technologies	Thornhill, ON	66,004,000
ATS Automation Tooling Sys	Cambridge, ON	16,912,000
Ballard Power Systems Inc	Burnaby, BC	40,438,000
Bombardier Inc Class B	Dorval, QC	136,057,000
Bombardier Inc Class A Conv	Dorval, QC	2,403,000
CAE Inc	Toronto, ON	26,126,000
Cameco Corp	Saskatoon, SK	50,560,000
Celestica Inc	Kirkland, QC; N.York, ON	81,789,000
CGI Groupe Inc	Montréal, QC	46,368,000
CHC Helicopter Corp	St. John's, NF	11,031,000
Cognos Inc	Montréal, QC; Ottawa, ON	66,607,000
Com Dev International Inc	Cambridge, ON	1,841,000
Dupont Canada Inc	Mississauga, ON	33,707,000
Finning International Inc	Vancouver, BC	51,140,000
Geac Computer Ltd	Markham, ON	10,362,000
Gennum Corp	Burlington & Kanata, ON	10,399,000
Global Thermoelectric Inc	Calgary, AB	2,205,000
GSI Lumonics Inc	Kanata, ON	8,670,000
Héroux Devtek Inc.	Longueuil, QC	2,952,000
Hummingbird Ltd	Toronto, ON	11,287,000
Husky Injection Molding Systems	Bolton, ON	7,559,000
Id Biomedical	Vancouver, BC	10,246,000
Intertape Polymer Group	St. Laurent, QC	6,348,000
Leitch Technology Corp	North York, ON	3,165,000
Linamar Corp	Guelph, ON	11,803,000
Macdonald Dettwiler & Assoc	Richmond, BC	15,894,000
Magellan Aerospace Corp	Mississauga, ON	2,392,000
Magna International Inc	Aurora, ON	178,696,000
Martinrea International Inc	Vaughan, ON	9,740,000
MDS Inc	Ottawa, ON	54,226,000
Nortel Networks Corp	Ottawa, ON	291,011,000
Open Text Corp	Waterloo & Ottawa, ON	17,260,000
Research In Motion Ltd	Waterloo, ON	39,904,000
Shawcor Ltd	Etobicoke, ON	15,868,000
Shell Canada Ltd	North York, ON	75,784,000
SNC Lavalin Group Inc	Montréal, QC	47,104,000
Stantec Inc	Edmonton, AB	7,662,000
Stelco Inc	Hamilton, ON	2,615,000
Stratos Global Corp	St. John's, NF	6,011,000
Suncor Energy Inc	Calgary, AB	236,218,000
Teck Cominco Ltd	Toronto, ON	41,712,000
Tesma International Inc	Concord, ON	11,070,000
Toromont Industries Ltd	Toronto, ON	17,851,000
Vector Aerospace	St. John's, NF	1,469,000
Wescast Industries Inc	Brantford, ON	4,483,000
Westport Innovations	Vancouver, BC	1,184,000
Zarlink Semiconductor Inc	Ottawa, ON	20,903,000
Zenon Environmental Inc	Ottawa, ON	6,323,000
Total		1,852,518,000

Source: Canadian Equity Holdings (as of June 30, 2003), CPP Investment Board. www.cppib.ca/invest/holdings/pubequity/Canadian_Equity_Holdings.pdf