

CPP Public Equity Investments in Foreign Military Contractors

Through the Canada Pension Plan (CPP), Canadian citizens now have mandatory investments of almost Cdn\$683 million in 120 foreign military corporations. About Cdn\$584 million of that (88%) is invested in 90 U.S. military contractors. The remaining \$99 million (12%) is invested in 30 non-U.S. military contractors.

Thirty six of the 90 U.S. military corporations were ranked among the "Top 100" prime contractors to the U.S. "Department of Defense" (DoD) between 1996 and 2002. These top three dozen prime military contractors are listed in Table 2A, while the remaining 54 U.S. corporations and the 30 non-U.S. military contractors, are listed in Table 3, on page 8.

Table 2A lists the top-ranking U.S. military corporations in order of the total value of their contracts to the DoD between 1996 and 2002. This table shows the number and market value of CPP shares in these companies, as of June 31, 2003. At that time, CPP investments in these top U.S. military contractors, were valued at Cdn\$347 million. Table 2B (page 7) shows how the same 36 top military corporations ranked in terms of their contracts to the DoD in each year between 1996 and 2002. It also shows the value of their DoD contracts during each of those years (in thousands of U.S. dollars). These 36 corporations alone received a total of over US\$350 billion in DoD contracts during that period.

Prime Contractors of Major Weapons Systems:

Pages 11 to 30 in this issue, feature 35 major weapons systems, with Canadian components, that helped wage the latest war in Iraq. *The CPP has investments in the prime contractors of all these 35 weapons systems, except two, i.e., 95%.* (One of the two firms, Fairchild Republic, maker of the A-10, no longer exists.)

Sources for Tables 2A, 2B and 3:

- All of the data on CPP shares and market values, in Tables 2A and 3, are from the CPP Investment Board's listing called "Non-Canada Equity Holdings." (See: www.cppib.ca/invest/holdings/pubequity/Non_Canadian_Equity_Holdings.pdf)
- The data on the right side of Table 2, i.e., Table 2B, is derived from "Procurement Statistics" published annually by the U.S. Department of Defense, on "100 Companies Receiving the Largest Dollar Volume of Prime Contract Awards," and particularly Table 2 in those reports: "100 Companies and Their Subsidiaries Listed According to Net Value of Prime Contract Awards." (See: www.dior.whs.mil/peidhome/procstat/procstat.htm)

Table 2A: CPP Investments in Top US War Contractors

Top-Ranking U.S. Military Corporations (1996-2002)	Market Value of CPP Shares (as of June 30, 2003) (in Cdn \$)
Lockheed Martin	5,688,000
Boeing	7,568,000
Raytheon	3,472,000
General Dynamics	3,858,000
Northrop Grumman	4,123,000
United Technologies	8,791,000
General Electric	71,284,000
Textron	1,440,000
General Motors	5,301,000
Computer Sciences	1,704,000
ITT Industries	1,567,000
Humana	670,000
Halliburton	2,640,000
Exxon Mobil	60,350,000
Honeywell International	5,774,000
Electronic Data Sys	2,696,000
Texas Instruments	8,027,000
Rockwell Collins	1,176,000
AT + T	3,895,000
Motorola	5,695,000
Johnson Contols	1,988,000
Unisys	1,037,000
Cardinal Health	7,105,000
Goodrich	558,000
IBM	34,820,000
Dell Computer	20,675,000
Fedex	4,874,000
Mckesson	2,715,000
Tyco International	9,960,000
Allegheny Technologies	140,000
Parker Hannifin	1,285,000
Lucent Technologies	1,829,000
Chevrontexaco	19,261,000
Anthem	2,877,000
Oracle	16,080,000
Hewlett Packard	16,235,000
Total	347,158,000

CPP Private Equity Investments in U.S. Military Corporations

The CPP also holds private equity investments. (See: www.cppib.ca/invest/holdings/privequity/index.html).

Carlyle Group: Among the CPP's private equity investments, in the category "Buyout and Venture Funds," is **Carlyle Venture Partners II (CVP II)**. In June of 2002, the CPPIB made a commitment to invest US\$60 million into the CVP II over the following five years. As of June of 2003, the CPPIB's investment in CVP II was listed as Cdn\$16,643,000.

CVP II is part of The Carlyle Group, one of the

world's largest military contractors. Its head office is just blocks away from the White House. Among the military industries owned by Carlyle is **United Defense** which produces the M109 Paladin howitzer (see page 22), the M2/M3 Bradley Fighting Vehicle (see page 23), vertical missile launchers and other major weapons systems. United Defense also trains the Saudi Arabian National Guard.

The **Carlyle Group's** chairman is none other than Frank Carlucci, U.S. President Ronald Reagan's Secretary of Defense and a former deputy director of the Central Intelligence Agency. Former President George Bush Sr. is

Table 2B: Contracts to the U.S. "Department of Defense" by Top-Ranking U.S. War Contractors (in thousands of \$U.S.)

Top-Ranking U.S. War Contractors (1996-2002)	1996		1997		1998		1999		2000		2001		2002		Total Military Contracts 1996-2002
	RANK	Total U.S. Military Contracts	RANK	Total U.S. Military Contracts	RANK	Total U.S. Military Contracts	RANK	Total U.S. Military Contracts	RANK	Total U.S. Military Contracts	RANK	Total U.S. Military Contracts	RANK	Total U.S. Military Contracts	
Lockheed Martin	1	11,998,429	1	11,637,526	1	12,341,262	1	12,674,861	1	15,125,846	1	14,686,950	1	16,997,272	95,462,146
Boeing	8	1,724,044	2	9,644,855	2	10,865,899	2	11,567,893	2	12,041,420	2	13,341,207	2	16,551,756	75,737,074
Raytheon	4	3,011,906	5	2,863,236	3	5,661,161	3	6,400,696	3	6,330,613	4	5,575,635	4	5,575,634	35,418,881
General Dynamics	5	2,670,030	4	3,012,018	4	3,679,867	4	4,563,838	4	4,195,923	6	4,907,199	5	6,962,131	29,991,006
Northrop Grumman	6	2,604,706	3	3,475,752	5	2,690,742	5	3,193,168	5	3,079,615	5	5,152,610	3	8,732,668	28,929,261
United Technologies	7	2,181,563	7	1,810,297	6	1,983,147	6	2,367,579	7	2,071,536	7	3,372,563	6	3,607,184	17,393,869
General Electric	10	1,530,029	8	1,677,067	13	1,161,392	8	1,714,027	9	1,609,329	10	1,747,397	11	1,559,979	10,999,220
Textron	13	1,193,763	10	1,445,066	7	1,837,815	10	1,423,064	13	1,164,465	22	572,414	19	908,785	8,545,372
General Motors	3	3,240,326	6	2,829,943	81	147,182									6,217,451
Computer Sciences	17	711,956	17	704,328	19	646,655	14	744,158	12	1,164,634	17	818,711	21	807,671	5,598,113
ITT Industries	18	670,970	13	789,618	16	780,794	16	659,322	25	553,972	18	807,523	18	994,167	5,256,366
Humana	67	188,184	20	621,449	14	867,581	18	619,803	100	129,163	41	394,106	14	1,304,691	4,124,977
Halliburton	21	573,635	44	290,497	42	285,752	17	657,519	22	595,070	37	427,638	37	483,670	3,313,781
Exxon Mobil	29	446,736	24	538,621	64	195,535			50	324,816	19	705,394	30	570,877	2,781,979
Honeywell Int.	50	263,610	72	181,503	66	187,732	69	187,394		26	14	902,463	15	902,463	2,625,191
Electronic Data Sys.		415,468	33	358,777	46	260,804	54	237,991	49	329,554	71	222,627	40	468,395	2,293,616
Texas Instruments	23	528,570	26	528,904	30	349,120	77	175,674	61	255,183	72	214,660			2,052,111
Rockwell Collins				113,369		395,053		259,371		443,226	45	361,579	51	362,797	1,935,395
AT + T	22	529,037	67	203,787	74	163,217			42	353,547	57	280,759	59	328,223	1,858,570
Motorola	96	290,092	39	310,840	52	240,122	44	285,777	51	324,516	42	93,141	67	283,827	1,828,315
Johnson Contols	54	245,391	47	284,011	92	134,257	50	247,684	66	227,479	66	233,550	42	434,210	1,806,582
Unisys	32	381,588	65	211,758	43	281,197	73	181,092	83	156,576	59	276,294			1,488,505
Cardinal Health											39	415,794	27	649,582	1,065,376
Goodrich							98	131,336	71	204,101	50	327,989	53	355,278	1,018,704
IBM			79	167,606	73	165,909	93	138,937					49	379,892	852,344
Dell Computer					94	131,198		15,525		611		64	34	504,969	652,367
Fedex									31	452,385					452,385
Mckesson	90	137,902	00	124,885	77	153,667									416,454
Tyco International											93	157,157	78	221,201	378,358
Allegheny Tech.													58	333,506	333,506
Parker Hannifin											94	154,748	92	175,083	329,831
Lucent Technologies					98	132,760	87	150,759							283,519
Chevrontexaco			48	278,096											278,096
Anthem											63	246,842			246,842
Oracle									94	136,699					136,699
Hewlett Packard	97	123,268													123,268
Totals		35,661,203		44,103,809		45,739,820		48,597,468		51,270,305		56,397,014		70,455,911	352,224,829

Senior Advisor to the Carlyle Asia Advisory Board, and is one of their highly-paid speakers. Current President George W. Bush was once appointed to the board of one of the Carlyle Group's very first purchases, which was eventually sold at a loss. Until shortly after Sept. 11, 2001, key members of the bin Laden family, including Osama's father, were among Carlyle's multi-million dollar investors. They withdrew from Carlyle in Oct. 2001.

General Motors: Also among the CPP's "Buyout and Venture Funds," is an investment of \$41,920,000 in **GM Capital Partners**. It is responsible for ensuring capital for the **General Motors Corporation (GMC)**. GMC is one of the top, prime contractors to the U.S. military October 2003 Issue # 52 *Press for Conversion!*

(see Table 2). It is a longtime producer of military vehicles, like the "Hummer" or "Humvee." A version of this large jeep, called the "Avenger," is being used in Iraq as a mobile launcher for "Stinger" missiles. For many years, **General Motors Canada - Deisel Division**, a subsidiary of GMC, built Light Armoured Vehicles (see pages 21 and 39). It has now been purchased by General Dynamics.

Lockheed Martin: The top U.S. military contractor, will do advance work on Canada's census and may be hired for whole census in 2006. Demand that Industry Minister Allan Rock give the contract to a Canadian company! If Lockheed wins, **Vive le Canada.ca** is threatening a boycott of the census. Send an email to Rock at: www.vivelecanada.ca/article.php?story=200310111707274