



Universities Clean Investment Campaign 2005-6

Arms and academics: CAAT's alternative 'ivy league'

Each year universities across the country nervously await the publication of university league tables. On their ranking rests next year's admission figures, and with them budgets and salaries.

Vice-chancellors and bursars should be less keen to see their institution highly ranked in CAAT's alternative university league tables. The universities in the tables below represent the ivy league of investors in a trade that proliferates misery around the globe. The data is the outcome of the most comprehensive study ever undertaken into the arms company shareholdings of the higher education sector. They have been assembled by CAAT using inquiries under the Freedom of Information Act into universities' shareholdings in six of the UK's largest arms companies.

Since it has proved impossible to obtain information from some institutions, the tables' rankings cannot be guaranteed. Nonetheless the scale of some of their investments revealed by CAAT's study is remarkable.

As in the real university league tables, Oxford and Cambridge rank highly in the arms investment Ivy League. The notorious wealth of several Oxbridge colleges rests upon arms company investments that rival those of entire universities.

Top 10 university investors in the arms trade

Rank	University	Total arms company shares*
1	Universities Superannuation Scheme	24,785,681
2	Cambridge	1,608,129
3	Oxford	1,357,123
4	Swansea	1,348,710
5	Liverpool	1,106,803
6	London	763,527
7	Exeter	370,715
8	Manchester	359,000
9	Leeds	293,581
10	York	189,700

Top 10 Oxford & Cambridge investors in the arms trade

Rank	University	Total arms company shares*
1	Trinity College, Cambridge	804,009
2	St John's College, Oxford	520,100
3	St John's College, Cambridge	375,000
4	Nuffield College, Oxford	200,000
5	Balliol College, Oxford	160,448
6	St Hilda's College, Oxford	131,275
7	St Edmund Hall, Oxford	102,800
8	Somerville College, Oxford	82,900
9	Magdalene College, Cambridge	80,000
10	St Anne's College, Oxford	71,600

Top 10 university investors in BAE Systems

Rank	University	Total BAE Systems shares*
1	Universities Superannuation Scheme	13,741,779
2	Trinity College, Cambridge	796,738
3	Liverpool University	431,837
4	SAUL**	375,000
5	Manchester University	168,000
6	Exeter University	162,350
7	St John's College, Oxford	121,250
8	York University	115,000
9	King's College, University of London	111,800
10	Aberystwyth, University of Wales	92,000

- On 13 October, each BAES share was worth 338p ** Superannuation Arrangement for University of London

Who are the companies?

CAAT's investigation has focussed on six of the largest UK-based arms companies. All are amongst the world's largest 100 arms companies.¹ For more information, see <http://www.caat.org.uk/publications/companies.php>

BAE Systems

Military sales: \$20,345m

Military sales as a % of total sales: 80%

Military products include: fighter aircraft, warships, submarines, torpedoes, radar, missiles, countermeasures, cluster bombs, armoured vehicles and tanks

In their own words, "BAE Systems has major operations across five continents and customers in some 130 countries."² BAE's customers include a roll-call of human rights abusers. Since 1984 BAE-made Hawk jets have been sold to **Indonesia**, where according to eyewitnesses they were used in a 2003 invasion of Aceh in which at least 2,000 (mainly civilian) people died; to the repressive **Saudi Arabia**; and to **Zimbabwe**, where they were used in the brutal ongoing war in the Democratic Republic of Congo. The Serious Fraud Office is currently investigating allegations (denied by BAE) that the company operated a £60m 'slush fund' for Saudi Arabian officials involved in a previous UK-Saudi arms deal, leading to the arrest of a former BAE executive only last month. Recent press coverage has also alleged that the company paid £1m to Chilean dictator Augusto Pinochet.³

Cobham

Military sales: \$947m

Military sales as % of total sales: 50%

Military products include: missile components, including parts for the US Hellfire missiles used in the invasion of Iraq; weapons carriage and release systems

Rolls Royce

Military sales: \$3,069m

Military sales as a % of total sales: 27%

Military products include: aero engines, marine propulsion systems. Rolls-Royce Adour engines power all BAE System Hawk jets.

Rolls-Royce's customers include most of the world's militaries (over 160 armies and 70 navies). According to the company this constitutes the world's 'largest military engine customer base'.

GKN

Military sales: \$792m

Military sales as a % of total sales: 10% (70% for GKN Aerospace)

Military products include: military aircraft components, including parts for the Joint Strike Fighter, Eurofighter, and F/A-22 Raptor fighter

Smiths Group

Military sales: \$1,243m

Military sales as % of total sales: 25%

Military products include: gun pods for Hawk jets; gun turret parts and trigger systems for US-made Apache attack helicopters (used in Israeli attacks on civilians in Palestine); cockpit control panels for the B-2 bomber and F-16 fighter

Smith has also reported a swing towards military work, its 2002 Annual Report stating that a reduction in civil aircraft production 'was counterbalanced by rising requirements for our military aerospace and detection products'.

VT Group

Military sales: \$1,048m

Military sales as % of total sales: 75%

Military products include: warships, logistics and training services

¹ For sales figures, see *Defence News* 25/06/05

² www.baesystems.com/newsroom/2004/nov/151104news2.htm

³ www.guardian.co.uk/armstrade

Why should universities not invest in arms companies?

The arms trade has a devastating and destabilising effect worldwide

- UK arms companies routinely export weapons to conflict zones and human rights abusers, which provide core markets for Britain's arms industry.⁴
- Military spending both sustains conflicts and diverts resources from health and education in some of the world's most impoverished regions.⁵
- Massive public subsidies for UK arms companies also diverts UK spending from more productive sectors. This government subsidy amounts to an estimated £890m annually – close to the £950m that the Institute of Fiscal Studies estimates will be raised by top-up fees.⁶

Universities play a unique role in public life

- As centres of internationalism their involvement in a trade which fuels international tension and conflict is grossly inappropriate. Many of the 300,000 international students at UK universities come from countries experiencing the effects of conflicts sustained by UK arms sales.⁷
- Many university activities are in basic conflict with a trade that profits from proliferating methods of killing and destruction. For instance, the renowned medical journal *The Lancet*, along with ten international public health experts, recently called for its academic publishers Reed Elsevier to stop organising arms trade fairs. Similarly universities training public health and medical practitioners should not be investing in a trade that, as *The Lancet's* editor put it, “threaten[s] human, and especially civilian, health and well-being.” Such moves are not unprecedented. In 2000 the University of Glasgow decided to prohibit its investment in tobacco companies since it is an institution with a major medical school.⁸

Universities often invest in the arms trade without the knowledge or agreement of those on whose behalf they invest

- Bursars and others who decide financial policy need to account for their investment decisions to staff and students, and to take responsibility for the global implications of their investment decisions.

What can staff and students do next?

CAAT's research has uncovered the scale of universities' investment in the arms trade. Pressure for universities to invest more responsibly, though, must come from their members, who deserve a say over the investments of their institution and their money. We hope that the information we provide on university investments will allow students and staff to challenge decisions made on their behalf, and help make their institutions accountable for the use of public funds and their own money. They can:

- demand that the University or College Bursar provides fuller details of their institution's investments, especially in cases where we have not been able to get information
- pass motions in student unions or teaching union branches calling upon the university to divest in arms companies

⁴ Since 1997 the UK has licensed arms and military equipment to 20 countries engaged in serious conflict: Algeria, Angola, Burundi, Colombia, India, Indonesia, Israel, Kenya, Nepal, Nigeria, Pakistan, Peru, Philippines, Russia, Senegal, Sierra Leone, Sri Lanka, Turkey, Uganda and Zimbabwe. Last year the government licensed military exports to 13 of the Foreign Office's own list of the world's 20 worst human rights abusers, despite UK/EU arms export rules forbidding military exports to places where they might be used for abuse or repression.

⁵ In 1994 it was estimated that 1/5 of African debt was due to arms spending. See http://www.controlarms.org/documents/guns_or_growth.pdf

⁶ For the subsidy estimate, see <http://www.caat.org.uk/information/publications/economics/subsidies-factsheet-0504.php>. For top-up fees estimate, see Institute of Fiscal Studies, *Briefing Note No. 45: An Analysis of the Higher Education Reforms* p.27

⁷ Universities UK, *International Strategy* (March 2005), p.1

⁸ Paisley Dodds, 'Editors Blast Medical Journal Publisher', *Associated Press* 09/09/05; Gideon Burrows, 'College Pension Funds put your money where your ethics are', *Times Higher Education Supplement*, 28/07/00

- ask for a working group to be established with staff and student representation to design an ethical investment policy for the university's investments

Cleaning up public sector investment is a long-term campaign. But progress has already been made in several institutions, and students have been at its forefront. Following sustained pressure from students backed by CAAT, the University of East Anglia has already switched their charitable funds to two investment portfolios, both of which exclude investments in arms companies. We hope that revelations like today's list will help other campaigns in universities around the country.

Universities and the arms trade – a special relationship

A deepening relationship between British universities and the military-industrial sector in recent years has gone largely unnoticed by students and lecturers. Beyond direct investment, universities' support for arms companies includes:

Research deals and sponsorship

As university funding becomes ever scarcer, several university departments have sought funding from arms companies. This channels university resources into weapons research, and furnishes weapons manufacturers with massive public credibility, providing glossy photo-opportunities of respectable dons without mentioning that the aim of their research is technology designed to kill and maim.⁹ Examples include:

- GKN, an arms company that supplied water cannon and armoured vehicles to the brutal Indonesian Suharto dictatorship, which paid Cambridge University £750,000 for a ten-year 'GKN professorship.'
- In 2001 Boeing, involved in the George W. Bush's National Missile Defence Project, announced that it was investing in a £15 million research facility at Sheffield University.¹⁰

Graduate recruitment

Arms companies routinely participate in university recruitment events organised by university careers services. BAE Systems is a particular staple of the graduate 'milkround'. Their glossy campus presentations rarely provide prospective employees with information about the effects of their activities (see above for their human rights-abusing clients, and ongoing corruption allegations involving the company)

⁹ Scientists for Global Responsibility, *Soldiers in the Laboratory* (2005), www.sgr.org.uk/ArmsControl/Soldiers_in_Lab_Report.pdf

¹⁰ www.peopleandplanet.org/armstrade/sponsorship.php