Divestment: An Economic Leverage Strategy to Impact Gun Violence

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What is Divestment?

1. Removing capital from the targeted industry

2. Stigmatizing the industry as bad actors

• Divestment accelerates our political goals by weakening the target industry
“Corporate Partners”
NRA’S CORPORATE CRONIES

• 74% of money contributed to the NRA from corporate partners are from manufacturers of firearms and ammunition

• Gun industry contributions to the NRA since 2005 are estimated to be at least $20 million

• Corporations that have contributed over $1 million:
  ➢ Freedom Group: Gun industry conglomerate and manufacturer of Bushmaster AR-15, used in Sandy Hook School massacre. Cerberus Capital management is 94% owner
  ➢ Smith & Wesson: publicly traded company and manufacturer of assault rifle used in the Aurora theater shooting (Violence Policy Center)
  ➢ Sturm, Ruger and Company: publicly traded company and manufacturer of the pistol used in the shooting on the Long Island Railroad, in which 25 passengers were shot
  ➢ Olin Corporation, manufacturer of Winchester Ammunition, is a “George Washington level donor” to the NRA, having contributed between $500,000 and $999,999

Source: Violence Policy Center
Where does the money go?

**The NRA’s Political Spending**
**2012 Federal Elections**

- **$32 M** TOTAL
- **$25 M** OUTSIDE SPENDING
- **$18 M** NEGATIVE ADVOCACY
- **$6 M** FEDERAL LOBBYING
- **$5 M** IN-HOUSE LOBBYISTS
- **$1 M** LOBBYING FIRMS
- **$6.3 M** POSITIVE ADVOCACY
- **$0.7 M** CANDIDATES
- **$0.3 M** PACS AND OTHER GROUPS
- **$1 M** DIRECT CONTRIBUTIONS

**Sources:** OpenSecrets, Bloomberg News

- Supported winning candidates (56/69)
- To Republicans (68%)
- Biggest target: Barack Obama $15 M
- Former government employees (15/28)
- EX: Crossroads Strategies LLC

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BLOCKING CRUCIAL RESEARCH ON GUN VIOLENCE

• In 1996, after the NRA accused the CDC of promoting gun control, the agency was deprived of $2.6 million - the amount spent on gun violence research the year before.

• The funding was eventually restored but a clause was inserted into the CDC’s appropriations bill to bully the agency out of studying guns: “None of the funds made available for injury prevention and control at the Centers for Disease Control and Prevention may be used to advocate or promote gun control.”

• Despite President Obama’s call for gun violence research to resume, Congress has been unable to pass the bill needed to fund the research, evidence of the gun lobby’s continued ability to influence scientific research on public health.

Source: The Washington Post, January 14, 2015, Why the CDC Isn’t Researching Gun Violence, Despite the Ban Being Lifted Two Years Ago by Todd Frankel
Conflict of Interest

- Gun companies oppose stronger gun laws supported by 90% of Americans, contributing millions of dollars to lobby against legislation.
- University researchers are supported by endowments, often invested in these same gun companies.
- Are universities and foundations funding gun companies while also shining a light on the destruction they facilitate?
“When trillions of dollars of capital unite against gun violence, companies and policymakers will listen.”

-Adam Kanzer, Managing Director, Domini Social Investors
How a Divestment Campaign Evolves

The three waves of a divestment campaign

1. Religious groups and industry-related public organizations
   - e.g., In 1980, Protestant and Roman Catholic churches pledge to disinvest $250 million from banks with ties to South Africa.

2. Universities, cities, and select public institutions

3. Wider market
   - e.g., In May 1990, Harvard President Derek Bok announced that the university had divested nearly $58 million of investments in tobacco companies, stating that “the divestment was prompted by recognition of the dangers of smoking and concern over aggressive marketing tactics to promote smoking among teenagers and in third-world countries.”

   - e.g., In the mid-1990s several U.S. public pension funds began to divest tobacco holdings due in part to the 1994 decision by the U.S. Food and Drug Administration to push toward increased regulation of the tobacco industry, which created uncertainty about future financial performance of tobacco stocks. Mississippi led a suit against the tobacco industry to retrieve Medicaid funds for tobacco-related illness caused in the state paving way for further state-led litigation. Massachusetts enacted legislation requiring complete divestment and barring future holdings.

   - e.g., In 1998, U.S. pension funds and universities continued to divest and the campaign became global: Britain’s Barclays Bank divested and stopped lending; some Japanese and other foreign companies began to halt operations in South Africa.

Religious groups, public health institutions

Universities, cities, states

Pensions, hedge funds, individual investors

Source: Oxford University
Leveraging Public Pressure

**Moral**
- Faith Organizations
- Public Health Organizations
- Colleges/Universities
- Teachers, Police, Doctors
- Grassroots Activists

**Economic**
- Endowments
- Mutual Funds
- Hedge Funds
- Pension Funds
- Municipal Governments
“In 1990 at Harvard University, a group of students in a public health class inquired about the institution's investment portfolio. Once the students learned of the school's ownership of tobacco stocks, they wrote letters to the university president stating the discrepancy between the medical and public health schools' mission to promote health and its tobacco investments. Within one year, Harvard University sold over $58 million worth of stocks in tobacco companies, namely, American Brands, Philip Morris, British American Tobacco, and US Tobacco.”

Source: JAMA, October 7, 1998; “The International Tobacco Strategy;” Martin A. Makary, MD, MPH; Ichiro Kawachi, MD, PhD
Conclusions

• Gun violence is a public health issue
• Money, not politics, motivates the gun industry
• Money from gun companies fund lobbying efforts against stronger gun laws and in favor of lax laws
• Divestment sends a powerful economic message
• Physicians have historically driven divestment campaigns for public health issues
THANK YOU

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