

THE Nation.

Published on *The Nation* (<http://www.thenation.com>)

Shut Down the Merchants of Death

Peter Dreier and Donald Cohen | February 7, 2013



A few weeks after the killings at Sandy Hook Elementary School in Newtown, Connecticut, a group of high school students in Pasadena, California, started an on-line petition asking their local school board to stop buying supplies at retailers—like Walmart—that sell assault weapons. “We can say we support change and gun control,” explained 15-year-old Roxana Honowitz, a sophomore at Pasadena High School, “but it’s hypocritical if we also support places that sell guns by buying supplies from them.”

The students’ effort is part of a broader strategy that many groups quickly embraced—targeting the \$12 billion-a-year gun industry, including those who finance, manufacture, and sell guns and ammunition. The campaign has parallels with previous divestment, boycott and “corporate” campaigns used by unions, environmental groups and anti-apartheid activists to put pressure on business practices by mobilizing shareholders, consumers and investors.

After World War I, critics of munitions manufacturers coined the phrase “merchants of death” to attack corporations that profited from the sales of military weapons. Those corporations had become a powerful lobby that, some argued, helped push the nation into war. Today’s “merchants of death” include companies that profit from making and selling military-style weapons and ammo to civilians. Businesses and investors that benefit from the sale of these killing machines are partly responsible for the nation’s epidemic of violence—an average of thirty gun deaths, not including suicides, each day. They need to do the responsible thing and completely stop the production, distribution and sales of weapons to civilians that are made for military use or based on military designs. And if they won’t do so willingly,

public pressure should force them to do so.

In mid-January, President Obama announced his plan to curb the epidemic of gun violence, including a ban on military-style assault weapons and high-capacity ammunition clips and more comprehensive background checks on potential gun buyers, including those who purchase their weapons at gun shows and over the Internet. A number of states already have such bans in place, some, including New York, have recently strengthened them, and a few others have similar proposals in the works. But some cities, investors and consumer groups aren't waiting for state and federal government officials to act. They are pushing gun makers and retailers to end the production and sale of these weapons of mass destruction.

Walmart, the nation's largest seller of guns and ammunition, removed the Bushmaster AR-15 style assault rifle—the one Adam Lanza used to kill twenty children and six adults in Newtown—from its website. Walmart got plenty of positive attention—but only removed the Bushmaster assault rifle from its website, while it continued to sell assault weapons in stores. It's obvious that voluntary action by manufacturers is not enough.

Within days of the Newtown massacre, the California State Teachers' Retirement System (Calstrs) started asking questions of Cerberus Capital Management, a private equity firm that owns Freedom Group, the gun manufacturer that made the Bushmaster AR-15 rifle. The pension fund has \$750 million invested with Cerberus. Stephen Feinberg, Cerberus's owner, quickly announced that the firm would sell Freedom Group. California Treasurer Bill Lockyer said that the state's pension funds (California Public Employees' Retirement System as well as Calstrs) should be "scrubbed clean" not only of Freedom Group but of any investments that make military-style assault weapons and other guns that are illegal in the state "and expose our communities to violence and death." Thomas DiNapoli, the New York State comptroller, called for a review of the \$150 billion New York State Common Retirement Fund's investments in firearms makers, including its \$50 million invested with Cerberus. Massachusetts Treasurer Steve Grossman asked his state's pension fund to do an audit to see if it has investments in firearms industry.

Cities are getting into the act as well. In January Los Angeles Mayor Antonio Villaraigosa sent a [letter](#) [1] to the City's pension funds asking them to divest from companies that manufacture firearms, ammunition or high-capacity ammunition magazines. Shortly after, Chicago Mayor Rahm Emanuel called on city pension and retirement funds to divest shares in assault weapons manufacturers. The Chicago Municipal Employees Annuity and Benefit Fund agreed to shift \$1 million from the assault rifle manufacturers Freedom Group, Smith & Wesson and Sturm Ruger and Co. Emanuel also wrote to the CEOs of Bank of America and TD Bank to stop lending to gun makers as a way put pressure on the industry to support stronger gun laws. (Bank of America gives Sturm Ruger a \$25 million line of credit; TD Bank gives Smith & Wesson a \$60 million line of credit, according to the letter.)

Bill de Blasio, New York City's public advocate, called a press conference to unveil his ranking of New York-based financial services firms—hedge funds, banks, investment firms and an insurance company—by the size of their gun holdings, calling those with the twelve biggest stakes in the gun industry the "Dirty Dozen." The day after de Blasio unveiled his list, Laurence D. Fink, the CEO of BlackRock—the firm ranked second, with about \$346 million invested in gun companies—called de Blasio and said the firm would now offer clients investments that excluded gun manufacturers. Philadelphia Mayor Michael Nutter outlined what he called the "Sandy Hook Principles" that the city would use in deciding where to invest its pension fund money, including whether a firm is tied to the manufacture or sale of assault weapons.

Two college presidents—Lawrence Schall of Oglethorpe University and Elizabeth Kiss of Agnes Scott College, both in Georgia—wrote an open letter to President Obama and other elected officials urging immediate action to stop gun violence, including a federal ban on assault weapons. Within a week, more than 300 other college and university presidents had signed on. "I was just sort of haunted by the challenge of the president when he said this is America and we can do better," Schall said. "I just began to think, what can I do?" A similar letter, written to President Obama by Emerson College President M. Lee Pelton, gathered more than 160 university presidents within about a week.

At Princeton University, which has a \$17 billion endowment, faculty took an even stronger measure. They sent a petition to President Shirley Tilghman calling on the school to renounce "current or future investments in companies involved in the manufacture and distribution of multiple, rapid-firing semiautomatic assault weapons, and the bullets that equip them." Following Princeton's lead, students and faculty at other colleges are looking into possible links

between their institutions' endowments and the gun industry.

These actions—reminiscent of the 1980s campaign by colleges, churches and unions to divest from companies doing business in South Africa as a strategy to dismantle apartheid—show that, if mobilized, public and private institutions can influence the behavior of businesses that traffic in deadly weapons. But so far, Cerberus or Walmart have done far less than they could do to remove assault weapons that are intended for the battlefield from the streets, movie theaters and schoolhouses across the country.

By selling Freedom Group, instead of ending the production of these military-style assault weapons intended for sale to civilians, Cerberus guarantees that they will continue to be sold at stores, gun shows and over the internet and to circulate in the underground marketplace.

Indeed, Cerberus owner Stephen Feinberg is knee-deep in the nation's violence-industrial complex. In 2006—seven years after the Columbine shooting—Cerberus acquired Bushmaster Firearms and then went on a buying spree to purchase other gun companies. It consolidated them into the Freedom Group, which according to *The New York Times*, “is on track to post about \$900 million in revenue this year.”

But the Cerberus's public statement made it clear that the company isn't selling Freedom Group for ethical reasons. “As a firm, we are investors, not statesmen or policy makers,” the statement read. “It is not our role to take positions, or attempt to shape or influence the gun control policy debate. That is the job of our federal and state legislators.”

The company also noted: “We believe that this decision allows us to meet our obligations to the investors whose interests we are entrusted to protect without being drawn into the national debate that is more properly pursued by those with the formal charter and public responsibility to do so.”

But whether it likes it or not, Cerberus has become part of the national debate. And it can't wash its hands of its role in the nation's epidemic of mass shootings by selling Freedom Group to another firm.

Please support our journalism. Get a digital subscription for just \$9.50! [2]

Of course, Cerberus isn't the only Wall Street player peddling guns. Colt Defense is jointly owned by Sciens Capital Management, a fund advised by [the Blackstone Group](#) [3] and another fund run by [Credit Suisse](#) [4]. MidOcean Partners, a private equity firm that once owned the diet company Jenny Craig, now controls Bushnell Outdoor Products, which makes equipment such as rifle scopes, night-vision headgear and laser rangefinders for both the hunting and “tactical” markets. [Longpoint Capital](#) [5] tripled its holdings in Savage Sports, a rifle manufacturer, when it sold the company in January 2012 in a takeover financed by [Norwest Equity Partners](#) [6].

These investors shouldn't just sell the gun companies they own. They should use their leverage to stop the manufacture and sale of military-style weapons to the general public.

Walmart has enormous clout with gun makers. In 2011, Walmart accounted for 15 percent of Freedom Group's total sales. That's enough purchasing power to get gun makers to listen—and act. Yes, Walmart pulled the AR-15-style assault rifle from its website, but it is still selling nearly 400 other guns in 1,750 stores across the country. At half the nation's Walmarts, you can buy a semiautomatic Colt M4 Ops .22 rifle that carries a thirty-round magazine. Or you can buy a Sig Sauer M400 assault rifle, advertised on Walmart's website as “designed for use in law enforcement, military operations...as well as competitive shooting,” one of several AR-15 assault rifles for sale. An online petition has gathered over 122,000 names asking Walmart to stop selling assault weapons entirely. Daily Kos and Courage Campaign are escalating the [campaign](#) [7] to pressure Walmart to stop selling the assault weapons.

Union pension funds and university, foundation and church endowments should use their shareholder clout to get gun makers to discontinue producing all military-style assault guns and ammunition sold in the commercial market. If the gun makers refuse, the funds should divest, or, as California Treasurer Lockyer said, be “scrubbed clean.” The funds should also divest in *any* company that gives any money to the NRA—either through donations or advertising in the NRA magazine.

Meanwhile, federal, state and local governments represent 40 percent of gun industry revenues. They, too, have

enormous leverage and should use it. Mayors, governors and police chiefs who have battled the NRA over the proliferation of assault weapons and gun controls should use their buying and pension power to force the gun industry to stop selling military-style assault rifles and high-capacity ammo magazines. State and local police departments should stop buying weapons and ammo from any company that sells assault weapons to the general public. President Obama should insist that the Department of Defense should do the same.

Video games makers should reject all advertising from gun manufacturers and all licensing arrangements with gun makers to use real world gun models in their games. Video games are now a \$78.5 billion ^[8] industry. One company, Electronic Arts, recently removed links to gun manufacturers on a website for one of its games in the wake of the Newtown shooting. Others should follow its example. Entertainment firms should also reject all product placement deals that allow gun makers to “place” their products in front of TV, movie, Internet and videogame audiences.

Guns are a large part of American culture. Few object to the manufacture and sale of rifles used in hunting, a sport that millions of Americans enjoy safely. But according to a study published by *The New England Journal of Medicine* ^[9], nearly half of gun owners support a ban on the sale of military-style assault weapons. That’s the only way to prevent mass killings like we witnessed in Connecticut, and at Columbine High School and Virginia Tech University.

Businesses and investors can no longer deny their part. They can—and should—act on their own to rid the nation of these guns. To encourage them to act responsibly, unions, religious organizations, major pension funds and government agencies should withdraw their investments and business dealings from gun manufacturers that make the deadly assault weapons that kill the innocent.

Read George Zornick’s reporting ^[10] on how Walmart made the Bushmaster the most popular assault weapon in America.

Source URL: <http://www.thenation.com/article/172744/shut-down-merchants-death>

Links:

[1] <http://www.scpr.org/news/2013/01/17/35665/los-angeles-mayor-city-pensions-should-not-invest/>

[2] https://subscribe.thenation.com/servlet/OrdersGateway?cds_mag_code=NAN&cds_page_id=122425&cds_response_key=I12SART1

[3] <http://dealbook.on.nytimes.com/public/overview?symbol=BX&inline=nyt-org>

[4] <http://dealbook.on.nytimes.com/public/overview?symbol=CS&inline=nyt-org>

[5] http://www.longpointcapital.com/anno/2012_01-26.php

[6] <http://nep.com/news/norwest-equity-partners-invests-in-leading-sporting-firearms-manufacturer-savage-sports-corporation/>

[7] http://campaigns.dailykos.com/p/dia/action/public/?action_KEY=308

[8] <http://www.reuters.com/article/2012/06/01/us-videogameshow-e3-show-factbox-idUSBRE8501IN20120601>

[9] http://www.nejm.org/doi/full/10.1056/NEJMp1300512?query=featured_home&&

[10] <http://www.thenation.com/article/171808/how-walmart-helped-make-newtown-shooters-ar-15-most-popular-assault-weapon-america>