PENSION FUND CAPITALISM, PENSION FUND SOCIALISM, AND DISSENT FROM INVESTMENT

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> … financial markets are cutting our throats with our own money, and it has to stop.
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> *Leo W. Gerard, International President, United Steel Workers of America, 2001.*

My focus in this paper is on the place of the financial markets in funding retirement in the US and UK. I want to concentrate, in particular, on the political contestation of occupational pension fund investment practices. The sheer scale of the financial holdings of pension funds has led commentators to characterise contemporary Anglo-American capitalism as 'pension fund capitalism' (Clark 2000; Toporowski 2000). By way of general illustration, US pension funds hold in excess of one-third of all US bonds and one-quarter of all US equities. The market value of the assets of many occupational pension funds is higher than that of their sponsoring employer. For international organisations and economists, the funds provide a highly significant pool of capital that furthers the efficiency and dynamic restructuring of the 'real' or productive economy (e.g. OECD 1998; Clowes 2000). For critics and labour activists such as Leo W. Gerard, however, the investment relationships between pension funds and the productive economy are far from virtuous. Workers' pension savings are controlled through investment practices that maximise short-term financial returns at the expense of workers' jobs, pay, and long-term welfare. Indeed, this has been widely accepted amongst organised labour in the US since the work of Rifkin and Barber (1978) nearly three decades ago. A class-based politics of resistance tends to follow from this critique, as 'pension fund activists' in US multi-employer and public pension schemes in particular seek to inscribe the interests and values of labour into investment practices. Put differently, the move towards what management doyen Peter Drucker (1976/1995) calls 'pension fund socialism' is held to rest not only on workers' ownership of the means of production through their retirement saving, but also on wresting control over fund investment from the grip of finance capital. Although writing worker's interests into investment practices includes channelling capital to directly support unionised employment in the productive economy, pension fund activism has increasingly come to focus on shareholder resolutions and campaigns that promote corporate governance reform.

What follows is divided into three sections. The first two sections provide, respectively, a brief overview of the rise of pension fund capitalism, and an examination of the intellectual and political currents of pension fund socialism. The final part of the paper reflects on the politics of dissent over pension fund investment. As recent contributions to the social theory of finance stress, the power of finance turns on its constitution as highly rational, technical and scientific practices that are specific to 'finance' as a separable domain of more or less discrete actor-networks (de Goede 2005a; Leyshon and Thrift 1997; McKenzie 2004). Viewed in these terms, pension fund activism is of particular significance as it potentially re-politicises finance and poses a challenge to the legitimacy and rationality of existing investment practices. Nevertheless, I argue that dissent from investment is far more uncertain and ambiguous than tends to be assumed by advocates of pension fund socialism. Pension fund socialism calls for a politics of resistance that opposes a clearly defined enemy – that is, finance capital, or what Leo W. Gerard calls the 'financial markets'. The grounds for this opposition, and the activism that follows, are that finance is 'cutting our throats'. While the collective 'our' that is summoned up here refers in the first instance to unionised labour, pension fund socialism tends to claim to be operating in the name of the working-class understood as a cohesive set of interests.

‘Our own money’ is to be used, then, to secure a very different economy in which ‘our’ interests are to be privileged through transformed investment practices. As is typical of calls for financial resistance more broadly, only united opposition to realise a logical and coherent alternative appears capable of resisting financial power (de Goede 2005b). Yet, as the course of activist campaigns for corporate governance reform illustrates, the simple juxtaposition of the interests of finance capital against the interests of working-class pension fund members cannot be maintained. Furthermore, such a clear and unequivocal representation of dissent is especially problematic during a period in which the vast majority of workers either continue to be excluded from occupational pensions, or are members of defined-contribution single-employer pension funds. At the very moment that pension fund socialism opens up and re-politicises finance in general and investment in particular, it simultaneously closes down consideration of the multiplicity of tensions and dissent present within pension fund capitalism.

Pension Fund Capitalism

The notion of ‘pension fund capitalism’ (Clark 2000) draws our attention to the sheer scale of the interdependencies that bind Anglo-American occupational pension funds and the financial markets. For Minns (2001: 31, 33), for example, contemporary financial markets have come to ‘rely substantially on the structure of social security provision’ such that ‘”social security capital” is now as important as other sources of capital … It is a key element in fueling the expansion of financial markets’. Blackburn (2002a: 6) reckons that in 1999, prior to the bursting of the ‘new economy’ stock market bubble, the global assets of pension funds were valued at $13,000 billion. Around 60% of these assets ($7,800 billion) belonged to US savers, with those of UK savers worth $1,400 billion. He places these figures in perspective by noting that, according to OECD calculations, the world-wide value of stock markets at the time stood at $23,000 billion. Occupational pension funds built up their holdings of financial market instruments gradually in the twentieth-century, expanding significantly during the post-1945 era through the Fordist compact between the major employers and their male workers (Cutler and Waine 2001). Yet the notion of pension fund capitalism also directs us to consider a subtle but highly significant contemporary change in the interdependencies between the funds and the financial markets.

Since the early 1980s, the discourse and institutions of asset management have gained a firm hold over the marshalling of collective retirement savings (*The Economist* 2003). As a result, pension funds have developed a preference for equities over bonds in their portfolios, and have increasingly engaged in the trading of those portfolios. Indeed, as Clark puts it, the asset management techniques pioneered by Anglo-American pension funds, dedicated fund management firms and actuarial consultants have been ‘a crucial catalyst in the transformation of the theory and practice of financial management’ (2000: ix). The roots of such techniques can be traced to the consolidation of neo-liberal financial economics associated with the work of Harry Markowitz, William Sharpe, Fischer Black, Merton Miller and Robert C. Merton amongst others. At the heart of asset management is the use of investment models that are derived from modern portfolio theory (MPT). MPT starts from the calculative assumption that rates of return from assets are commensurate with the risks of investment. For example, government bonds are expected to yield relatively low returns as they are regarded as virtually risk-free investments, while the yield from the stocks of a new, innovative and unproven hi-tech company are potentially much greater. It follows that a more diversified investment portfolio is likely to both generate returns that reflect trends across the whole financial market, and reduce overall risk. Furthermore, on the basis of comparative historical analysis of risk/return across classes of financial instruments, asset management also tends to assert the primacy of equity investment. While the formerly dominant place of sovereign and corporate bonds within pension funds' portfolios had already been eroded during the 1960s and 1970s as relatively high rates of inflation undermined the returns from these fixed-interest instruments, it was the rise of asset management that ensured that 'investment' took on new meanings and that equity holdings were further consolidated. For example, the average UK pension fund held 71% of its assets in equities in 2001, up from 47% in 1962 (UBS Global Asset Management 2003: 13).

Advocates of pension fund capitalism not only stress the importance of financial market investment to funding retirement, but also trumpet the contribution of fund investment practices to economic growth. Such views inform, for example, agendas for the reform of continental European pension arrangements (see, for example, OECD 1998). Here the threat of an 'ageing society' and the associated 'crisis' of current state-based provision – so-called 'unfunded' or 'pay-as-you-go' systems where pensions are paid through the taxation of current workers - is effectively transformed into a new opportunity for economic growth which can be grasped once the retirement savings of workers can be built up and invested in the financial markets (cf. Minns 2001). Not dissimilarly, the relative competitiveness and apparent triumph of the Anglo-American 'model of capitalism' is traced to the presence of a vast pool of social security capital and pension fund investment that supports the restructuring of the productive economy (e.g. Clowes 2000). What is also noticeable, however, is that it is pension fund investment practices that have become the principal focus for critics of pension fund capitalism.

Critiques of pension fund investment for the most part turn on two related claims. First, fund investment concentrates on achieving short-term returns from secondary trading at the expense of a long-term concern with facilitating growth in the productive economy. While this claim is informed by a wider reading that casts contemporary financial markets as mechanisms for the speculative transfer of ownership claims across a whole host of assets (e.g. Henwood 1998), there are also indications that specific features of pension fund investment prompt short-termism. In the words of Ronald Dore (2002: 119), 'gambling' has become 'obligatory for anyone who wants an income in old age … dressed up by the ideology as skilled asset management'. Funds typically undertake diversified investment strategies that are 'contrived to be both conservative – in the sense of concentrating on well-known brands and blue chip companies – and speculative – in the sense that they … slavishly follow market fads' (Blackburn 2002a: 177). The overtly speculative side of investment ensures that, on a daily basis, attention focuses on the rapid and on-going opening and closing of opportunities for speculation in one type of asset or another. For example, pension funds became involved in the 1980s in so-called 'momentum investment' and index-tracker funds, whereby stocks are automatically purchased as their price rises and sold as prices fall. Moreover, pension funds became embroiled in a succession of largely discrete speculative waves as investment concentrated upon particular classes of assets. Pension funds were key participants in corporate restructuring and downsizing during the 1980s (Toporowski 2000), and in the so-called 'emerging markets' and 'new economy' bubbles of the 1990s (Harmes 2001; Feng *et al.* 2001). To illustrate, alongside the most prominent investment banks, during the late 1990s some of the major US public pension funds invested in Enron's off-balance sheet partnerships (known as 'Raptor I, II and III', and 'Jedi I and II') that enabled the company to hide liabilities and undertake self-dealing (Blackburn 2002b). The gradual increase in the ratio of beneficiaries to contributors in mature funds also translates into an increased demand for relatively short-term profit maximization (Engelen 2003: 1366). At the same time, the competitive process through which asset management contracts are awarded by funds' trustees, combined with the manner in which the success or otherwise of asset managers is benchmarked against market indexes, serves to further institutionalise a focus on short-term performance (see Langley 2004a).

Second, critics of fund investment claim that speculative short-termism not only starves the productive economy of desperately needed capital, but also harms the prospects, wages, welfare and security of workers in particular. That 'labor's capital' (Ghilarducci 1992) invested through pension funds actually undermines the interests of workers is, then, a particularly frustrating paradox for many commentators and activists. Central to the paradox is the role that funds and their asset managers have played in extracting so-called 'shareholder value' from corporations. Shareholder value shapes, formats and performs an economy in which financial calculations such as ROCE (return on capital employed) dominate how the corporation is assessed. Indeed, for some, shareholder value lies at the heart of a pervasive 'financialisation' of Anglo-America capitalism (see Williams 2000). Cutler and Waine (2001: 100), for example, describe financialisation as 'the marginalization of non-financial criteria for evaluating corporate performance' and 'the promotion of a regulatory framework conducive to the pursuit of shareholder value'. This 'regulatory framework' which is typically known as 'corporate governance' is primarily constituted through agency theory. As Lazonick and O'Sullivan (2000: 16) note, agency theorists 'believe that the market is always superior to organisations in the efficient allocation of resources' such that they are 'predisposed against corporate – that is, managerial – control over the allocation of resources and returns in the economy'. For 'the market', read investors of all kinds, including pension funds. As Baker and Fung (2001) summarise, the drive for shareholder value can be seen to have eroded key corporate activities, including research and development (R&D) and employee training programmes, which enhance productivity over the long-term. It has also fuelled the destructive practices of downsizing, sub-contracting, off-shoring, and mergers and acquisitions.

Pension Fund Socialism

> In terms of socialist theory, the employees of America are the only true 'owners' of the means of production. Through their pension funds they are the only true 'capitalists' around, owning, controlling, and directing the country's 'capital fund'. The 'means of production', that is, the American economy … is being run for the benefit of the country's employees (Drucker 1976/1995: 2-3).

As perhaps the key early proponent of the benefits of pension fund capitalism, highly influential management guru Peter F. Drucker also gave it an interesting spin. As he put it, the US had witnessed an 'unseen revolution' that had produced 'pension fund socialism'. 'Only in the United States are the employees through their pension funds also becoming the legal owners, the suppliers of capital, and the controlling force in the capitalist market' (p. 4). Drucker's tongue-in-cheek take on pension funds and 'socialist theory' nevertheless remains extremely illuminating thirty years on. As I have already highlighted, critics of fund investment stress not its 'benefit' for 'the country's employees', but the damage done to labour by labour's capital. Moreover, it is the democratic and egalitarian 'control' of fund investment that has become pivotal for critics and activists who wish to further workers' interests and establish a genuine pension fund socialism. As Hebb (2001: 2) summarises, 'the fundamental shift in the ownership of capital has not resulted in a corresponding shift in the control of capital'.

Writing at around the same time as Drucker, community activists Jeremy Rifkin and Randy Barber (1978) encouraged the US labour movement to re-orientate the focus of their campaigns from the reform of labour law to the control of multi-employer and public pension fund investment.[1] Although the control of pension fund investment had been a subject within 'financial democracy' debates addressed by US liberal think tanks in the late 1950s (Ghilarducci 1992: 111-2), Rifkin and Barber are widely regarded to have kick-started thinking on what has been more recently described as 'a capital strategy for labor' (Hebb 2001: 2). Rifkin and Barber's ultimate goal was the rebirth of America's 'Graybelt' manufacturing heartland in the 'North' which, for them, had been subject to '"redlining"' by 'the banking community' and starved of investment (p. 6). Given the concentration of 'the largest single pool of private capital in the world' in the multi-employer and public pension funds of the North, 'With control of these moneys, unions and public authorities can begin to take over more and more of the economic-planning and capital-allocation decisions that have, for so long, been the exclusive prerogative of the private capital sector' (p. 10-11). Ultimately, control over 'pension-fund capital' is, for Rifkin and Barber, 'an opening wedge in the development of basic economic alternatives within the United States' (p. 12).

US multi-employer funds - also known as 'Taft-Hartley funds' after the 1947 legislation that first regulated their organisation - are jointly established by employers and unions. Fund members are unionised, and are typically construction workers and teamsters who are likely to be employed by different firms during their working lives. Built up through the post-war era, multi-employer funds currently hold assets in excess of $430 billion (Marens 2004: 110). Although legally bound by a fiduciary duty to act in the interest of fund members, the boards of trustees that administer multi-employer funds are divided equally between union officials and representatives of the corresponding employers' association. As such, it is perhaps no surprise that multi-employer funds appeared to Rifkin and Barber as providing a realistic opportunity for labour's investment activism. Given their massive holdings of labour's capital, achieving control over the investment practices of public pension funds was also an important objective for Rifkin and Barber. Though there is no guarantee that union officials will serve as trustees of public pension funds, the extensive unionisation of the state and local government employees that are the members of these funds does make representation on their boards a strong possibility (Rifkin and Barber 1978: 224-8). Currently only five of America's twenty largest pension funds by assets are single-employer schemes (General Motors, IBM, General Electric, Boeing, and Ford), with the remaining fifteen all public pension funds. The top five largest funds are also all public funds, in a list that is topped by the California Public Employee Retirement System (CalPERS). CalPERS covers 1.4 million public employees and retirees and, at September 2005, had assets worth a massive $196 billion.[2]

Activists' attempts to install some sense of workers' control over investment in the last three decades have remained largely confined to the US multi-employer and public pension funds. Strong advocacy networks have nevertheless developed which extend into the academic community.[3] Activism has taken two main forms: the channelling of labour's capital into so-called 'economically-targeted investments' (ETIs) that explicitly support unionised employment; and 'shareholder activism' in support of corporate governance reforms that not only oppose the restructuring plans of recalcitrant managements, but also tend to create new legal rights for shareholders in the process. Some isolated but high-profile victories have been

[1] For a response and critique of Rifkin and Barber's (1978) work made on behalf of the Institute for Contemporary Studies, see Borjas (1979).
[2] http://pionline.com/page.cms?pageId=624. Accessed 14th February 2006.
[3] See, for example, the Pensions and Capital Stewardship Project which is part of the Labor and Worklife Program at the Harvard Law School: http://www.law.harvard.edu/programs/lwp/LWPpensions_conferences.html

scored in relation to single-employer funds. For example, under the provisions of the legal framework for US collective bargaining that define pensions as a mandatory subject for negotiation, the Union of Auto Workers reached an agreement with General Motors in 1984 that 5% of new fund contributions would be invested in 'socially desirable' options from a list provided annually by the union (Ghilarducci 1992: 123). Nevertheless, Henwood's (1998: 64) typically colourful observation that, 'like children, future beneficiaries have little or no say in how their trust funds are managed' holds for the vast majority of single-employer pension schemes on both sides of the Atlantic. Campaigns to politicise pension fund investment have cut against the grain amidst the technical, scientific and depoliticising constitution of investment by asset management and actuarialism. Meanwhile, the distinctive nature of many public pension funds in the UK, whereby member's contributions are not invested but instead flow into the state's coffers, rules them out of investment activism. There are, of course, a few notable exceptions which include the Universities Superannuation Scheme, the pension funds of NATFE and the TUC, and a handful of local authority plans.

Despite tripling in value since 1994 (Calabrese 2001: 93), the cumulative value of ETIs remains extremely small in the context of the overall holdings of US pension funds. In some instances, ETIs have a long history but have become higher profile and received increased financial support over the last decade or so. For example, the Union Labor Life Insurance Company and the American Federation of Labor-Congress of Industrial Organizations' (AFL-CIO) Housing Investment Trust (HIT), founded in 1925 and 1964 respectively, currently hold in excess of $5 billion in real estate loans made to developers who employ unionised labour. HIT was joined by the Building Investment Trust (BIT) in 1988, a $1.5 billion conduit through which investors channel workers' capital into real estate (hotels, office buildings, etc.) that is managed by those who do not oppose the unionisation of labour (Marens 2004: 116). EITs received an important boost during the first years of the Clinton administration. The Department of Labor (DoL), the key regulator of US pension funds, had previously enacted a series of lawsuits against trustees who had placed capital in ETI vehicles on the grounds that they did not satisfy standards of prudence. Such judgements were informed by wider suspicions about union involvement in investment practices, arising largely out of the loans and kickbacks that came to bind the Teamsters' Central States fund and a string of Las Vegas casinos during the 1960s and 1970s. In 1994, however, the DoL endorsed the notion that targeted investments did not necessarily stand in tension with the fiduciary duty of trustees to maximise returns on behalf of fund members. More recent campaigns, such as the Heartland Labor Capital Project co-sponsored by AFL-CIO and United Steelworkers of America, have sought to raise awareness amongst trustees as to the possibilities of ETIs. In a volume arising out of the Second National Heartland Labor Capital Conference held in 1999, Tessa Hebb (2001: 3) talks by way of introduction of a 'worker-owner view of investment' which 'departs from conventional wisdom by expanding the options, methods, and principles that guide capital allocation decisions'. Based on a several recent examples, contributor Michael Calabrese (2001: 94) stresses, for example, the scope for growth in targeted investment through private equity funds in 'small, typically nonpublic companies' that 'offers a surprising degree of financial and social leverage'.

A key milestone in initial US shareholder activism, meanwhile, was the coming together of three craft unions and seventeen public pension funds to found the Council of Institutional Investors in 1985. As Marens (2004: 113) notes, the formation of the Council was particularly significant as it focused activists' attention on the use of shareholder resolutions in order to cajole corporate governance reforms. The Council now represents more than 130 pension funds who, collectively, hold in excess of $3 trillion in assets. While Securities and Exchange Commission (SEC) rules prevent labour disputes from being raised through shareholders resolutions, all other decisions by corporate managers can be targeted by shareholder activists. As this form of investment activism took hold, it dovetailed with wider political moves on both the 'left' and 'right' to further shareholders rights and to encourage both institutional and individual investors to 'vote their shares'. Indeed, by the mid-1990s, DoL regulations required that all pension funds' trustees vote on shareholder resolutions and even encouraged them to negotiate with managers and submit their own resolutions.

The shareholder activism of pension fund socialism has, then, become increasingly bound up with the corporate governance agenda and the technicalities of proxy voting and shareholder resolutions. O'Connor (2001) even goes as far to argue that corporate governance has displaced labour law to become the key site for contestation between capital and labour. Resolutions are typically advisory in nature, such that even when they receive majority support they are not binding on management (Marens 2004). Once a company is targeted by a resolution, it is commonplace for funds and other institutional investors to voice their concerns in private meetings with executives. These meetings take place in the shadow of the likely shareholder vote on the resolution and, if shareholders concerns are addressed, lead to the withdrawal of the resolution. Resolutions tend to focus on the independence of executive boards, the removal of financial disincentives that discourage takeovers (so-called 'poison pills'), and the structure of compensation boards that award excessive 'fat cat' executive salary packages including stock options, 'golden hellos' and 'golden parachutes'.

Through their members' positions on the boards of multi-employer funds, unions have been important contributors to shareholder activism. By the late 1990s, the AFL-CIO sought through its Capital Stewardship Programme to forge the Taft-Hartley funds into a voting bloc by issuing proxy voting guidelines, and established the Center for Working Capital as an information agency and provider of education to trustees (O'Connor 2001: 77-80). The latter half of the 1990s also saw a sharp increase in the number of labour-sponsored shareholder resolutions that were brought to a vote (Marens 2004: 114). Nevertheless, it is perhaps fair to say that leadership in shareholder activism has come from major public pension funds such as CalPERS, CalSTRS (California State Teachers Retirement System), and the New York City Employees Retirement System. The majority of individuals that serve as trustees on the boards of these funds have links to, or are widely regarded as sympathetic to, organised labour. CalPERS and the other funds are, according to William Greider (2005), 'pursuing far-ranging possibilities for reforming the economic system', and are nothing short of 'the vanguard of a new kind of reform politics'. CalPERS have been the standard bearers for US shareholder activism since the mid-1980s. They were the first of the massive public pension funds to heighten their proxy voting activity during this period, and late California State Treasurer Jesse Unruh was a key figure in the formation of the Council of Institutional Investors (Ghilarducci 1992: 126). More recently, the $300 billion of losses incurred by public pension funds as a result of the collapse of Enron has further galvanised CalPERS and CalSTRS, often in conjunction with trustees from New York, Connecticut, North Carolina, Iowa and elsewhere, to more aggressively pursue those who they see as damaging the interests of their future retirees (Greider 2005). Indeed, a rather red-faced CalPERS itself lost around $500 million in the Enron debacle (Blackburn 2002b). California Treasurer Phil Angelides who currently serves on the boards of both CalPERS and CalSTRS is described by Greider (2005) as 'a visible point man for pension-fund activism' who has 'pushed both funds to adopt a whirlwind of reforms--dumping tobacco stocks, blacklisting ten "emerging markets" that ignore international labor standards, redeploying capital to neglected sectors like inner-city redevelopment and innovative environmental technologies, and, above all, peppering scores of corporations, banks, brokerages, financial markets and federal regulators with critiques and demands for change'. At the same time, taking advantage of the Private Securities Litigation Reform Act of 1995 which clamped down on profiteering by the legal profession and gave institutional investors the lead role in investor class-action suits, the New York State Common Retirement Fund wrested a $6 billion payout from investment bankers in the wake of the WorldCom fraud (Donovan 2005). Pension fund activism, it would seem, is alive and well in the US over a quarter of a century after Rifkin and Barber's call to arms.

Dissent From Investment

In this final section of the paper I want to argue that the politics of dissent over pension fund investment is far more uncertain and ambivalent than tends to be assumed by advocates of pension fund socialism. To be specific, I wish to question the 'subject' of the politics of dissent from investment and highlight and illustrate two sets of ambiguities. First, dissent from investment to realise pension fund socialism rests on the drawing of a binary opposition between financial capital on the one hand and the working-class on the other. A working-class interest in investment is constructed through its ontological juxtaposition against finance capital as an already dominant Other. As the course of shareholder activism and corporate governance reform campaigns illustrates, however, the drawing of such an opposition is misleading and cannot be meaningfully maintained. And second, the making of pension fund socialism in the name of the working-class as a singular and coherent set of interests also overlooks the diverse experiences of workers with regard to pensions. The vast majority of workers either continue to be excluded from occupational pensions, or are members of defined-contribution single-employer pension funds. As de Goede (2005b) argues more broadly, the presence of such ambiguities within financial dissent should not be taken as a sign of weakness. Rather, the tendency to assume that resisting financial power requires united opposition to realise a consistent and coherent alternative actually limits and devalues the wider and multiple forms of financial dissent.

Pension fund socialism calls for a politics of resistance that opposes a clearly defined enemy – that is, what Marxist writers would typically call 'finance capital' or the 'financial fraction of capital'. A sense of unity and purpose amongst workers is created through the securing of a singular foe – you are either with us or you are with them. The key to transformation appears to lie in wresting control over pension fund investment from finance capital. As I have argued elsewhere, however, pension fund capitalism is not simply a project co-ordinated by and operating in the powerful interest of finance capital, its exploitative and exclusionary form deliberately obscured through the manufacture of workers' 'false consciousness'. Rather, occupational pensions networks are constituted through hierarchical but nonetheless decentralised power relations in which techniques of calculation and ways of knowing such as asset management and actuarialism are central (Langley 2004b). Indeed, as recent contributions to the social theory of finance stress more broadly, the power of finance turns on highly rational, technical and scientific practices within the separate domain of 'finance' and the sets of actor-networks that comprise that domain (de Goede 2005a; Leyshon and Thrift 1997; McKenzie 2004). Viewed in these terms, pension fund activism is of particular significance as it re-politicises finance and poses a potential challenge to the legitimacy of existing investment practices. In Greider's (2005) terms, 'remote skirmishes over esoteric financial rules' have become 'a very visible political fight'. As the standard bearer for pension fund activism, CalPERs has, in particular, been in the eye of the political storm. For example, considerable intrigue surrounded the de-selection of Sean Harrigan, the regional director of the United Food and Commercial Workers, as CalPERS board president in December 2004 (Williams Walsh 2004).

The undoubted contribution of activists to re-politicising pension fund investment in the US is further illustrated by comparison with the relatively de-politicised nature of investment in the UK. It was not until the mid-1990s that the Trades Union Congress (TUC) (1996) first began to address issues of pension fund investment practices, and even then this engagement came under the wider rubric of the search for 'third way' that would realise a 'stakeholder economy'. Only in the last couple of years has the TUC formed its Trade Union Investor Group. As its opening paper illustrates, the initial aims of the Group appear to be to respond to a changing regulatory agenda in which shareholder activism is being encouraged by the government on the grounds of improving efficiency and shareholder value (TUC 2004). For example, provisions under the 1995 Pension Act which came into force in 2000 require that pension schemes include comments on socially responsible investment as part of their Statement of Investment Principles. The 2001 Myners review of institutional investment commissioned by HM Treasury also recommended that pension funds make explicit their support for shareholder activism. Indeed, the collaborative *Just Pensions* project, organised by the UK Social Investment Forum in conjunction with the TUC and others, recently reported that while pension fund activism is likely to increase in the future, it is starting from a very low base.[4] High profile TUC campaigns such as 'Prospects for Pensions' in 2002 and 'Pay Up for Pensions' in 2004 have prioritised compulsory employer contributions and not pension fund investment.[5] Similarly and while paying some attention to investment activism in the US, leading UK academics of pensions have concentrated on blueprints for change based upon the 'Meidner' or 'wage-earner funds' that, partially implemented in Sweden in the mid-1980s, again seek to find a compulsory mechanism whereby employers can fund a secondary pension (e.g. Blackburn 2004; Minns 1996).

Whilst emphasising the importance of the re-politicisation of investment through pension fund activism, a decentralised and constitutive reading of financial power also suggests that dissent from investment is not as unambiguous as advocates of pension fund socialism would have it. Put differently and in the terms of Gibson-Graham (1996), 'capitalocentric' accounts that emphasize the all-pervasive power of capital and which, therefore, demand unequivocal opposition to capital in the name of the working-class are especially problematic in pension fund capitalism. Capitalocentrism leads us to overlook the partial, fragmented, contingent and contested nature of financial power within pension fund capitalism. At the same time, pension fund socialism assumes and juxtaposes the interests of finance capital against those of the working-class in general, and unionised labour in particular. However, individuals perform multiple economic and non-economic subject positions that cannot be simply reduced to their place in the capitalist relations of production. Individuals who are members of pension funds are, at once, workers, consumers, investors and shareholders, and are also likely to be men, baby-boomers, credit card holders, and fathers. In the words of Foucault (1976: 96), it follows that there can indeed be 'no great refusal' which steps outside of the power relations of pension fund capitalism to establish a pension fund socialism, but rather 'a plurality of resistances' which may be 'possible, necessary, improbable', 'spontaneous, savage, solitary, concerted', and 'quick to compromise, interested, or sacrificial' (cf. Amoore, forthcoming). So, while pension fund activism may indeed succeed in enlivening a

[4] See http://www.uksif.org/R/Z/Z/lib/2003/01/jp-ukpf-will-press/index.shtml

[5] See http://www.tuc.org.uk/theme/index.cfm?theme=oink

radicalised working-class subjectivity, that subjectivity will be a partial, momentary and contradictory solidarity.

As shareholder activist campaigns for corporate governance reform illustrate, then, maintaining the simple ontological juxtaposition of the interests of finance capital and those of the working-class is highly problematic. Consider, by way of illustration, the description of union shareholder activism offered by influential proponent Marleen O'Connor (2001). As she puts it,

> Of course, labor shareholders have a general interest in promoting the long-term goals of adequate and secure workers' retirement income, and so seek corporate governance arrangements that prevent managerial self-dealing. Yet good corporate governance practices can benefit workers as well as shareholders; specifically, such practices serve as a floor that will lead to management turnover when firms perform badly (p. 70).

What is clear is that for those involved in shareholder activism, it is often prefaced not on an explicit challenge to finance capital and the drive for shareholder value, but on the assumption that 'good corporate governance' and financial performance simultaneously benefit pension fund members, workers, and wider shareholders. The phrase 'CalPERS effect', for example, is widely used by US asset managers and institutional investors. In the light of the clear-cut advocacy of CalPERS shareholder activism in readings provided by the likes of Greider (2005), what is particularly striking is that the 'CalPERS effect' does not refer to the consequences of the fund's actions for workers, far from it. Rather, the 'CalPERS effect' refers to the consequences for the stock prices of those corporations who are included on CalPERS annual hit list for poor financial performance and corporate governance practices. As the financial results and governance of these firms typically improves in response to pressure from CalPERS, so their stock price tends to outperform the relevant benchmark indices (CalPERS 1995; Sidel 2004). Indeed, some fund management firms now offer what they describe as 'shareholder activist funds', that is mutual funds that expressly target poorly performing companies and instigate corporate governance reform in order to boost shareholder value and hence prices/returns. Furthermore, even hedge funds that are renowned for their short-term trading strategies are becoming increasingly involved in shareholder activism (*The Economist* 2006). As such, multi-employer and public pension fund shareholder activism is highly ambiguous as a form of dissent from investment, and in many contradictory ways is representative of both agency theory and pension fund socialism.

Analyses that seek to question whether shareholder activism lives up to the promise of pension fund socialism tend, therefore, to highlight important paradoxes. Marens (2004) concludes, for example, by noting that shareholder activism that operates in the name of 'good corporate governance' and extracts shareholder value may further erode the capacities of corporate managers to undertake strategies that deviate from production patterns that are flexible, lean, out-sourced etc. For Ghilarducci (1992: 131-2), meanwhile, pension fund activists have embraced discourses of property rights in corporate governance campaigns and, therefore, become defenders of one of the central pillars of financial power at the same time as seeking to further the interests of workers. In the words of CalPERS (1995: 1, *original emphasis*), shareholder activism is 'the prudent exercise of *ownership* rights, toward the goal of increased share value'. It would be possible, following David Harvey (1999), to interpret these paradoxes as a function of a wider contradiction and thus retain a sharp distinction between the interests of finance capital and the working-class. For Harvey, 'workers have a strong stake in the preservation of the very system that exploits them because of the destruction of that system entails the destruction of their savings' (p. 263). In Harvey's Marxist terms, as Soederberg (2005) notes, workers' savings only arise from their exploitation in commodity production and, to ensure returns on their pension funds for their retirement, workers are forced to expose themselves further to that exploitation. What marks out the interests of workers from those of finance capital, from this perspective, is that workers by definition cannot rely solely on returns from investment. However, to take Harvey's position would require us to hold class identity as ontologically prior in processes of identification. It would also require us to understand class interests as fully constituted and overriding, rather than recognising that subjects' perceived and multiple self-interests (as workers, pension fund members, investors, etc.) are discursively framed and manifest in their reflective practices. We would, therefore, miss the ambiguities that mark dissent from investment. Significantly, we would also retain the assumption of a clear and unified working-class interest in investment.

Pension fund socialism seeks to operate in the name of the working-class as a singular and coherent set of interests. Labour's capital is to be used to secure a very different economy to that which prevails at present, one in which the interests of the working-class are to be privileged. Two dynamics ensure, however, that calling up a universal working-class interest in dissent from investment is highly problematic. First, as Ghilarducci (1992) reveals, pension fund activism reproduces and further entrenches a cleavage between unionised members of occupational pension schemes and other workers. As she puts it, 'unions must satisfy a group of voluntary members, most of whom want a service union. Therefore, a union pension strategy … must advance traditional union goals: surviving, organizing, and bargaining' (p.130). It is this 'defensive' pension activism that for the most part prevails, rather than attempts 'to transform the relationship between workers and financial institutions' (p. 121). Consider, for example, the relatively limited take-up of ETIs in contrast with much more widespread shareholder activism. For pension fund activists, the retirement security of unionised workers who are members of occupational pension funds is prioritised, even though maximising rates of return on investment is, at the same time, also recognised as likely to be counter to the interests of workers in general. Second and more broadly, one of the enduring features of Anglo-American occupational pensions is that they are not mediated or experienced primarily in terms of class. It is not simply that the distribution of occupational pensions is regressive, as higher-income earners are more likely to receive greater tax relief and larger benefits. Long standing dynamics of inequality have also created large numbers of working-class households who are stubbornly excluded from occupational pensions and unionised employment, a situation that is particular acute for unemployed, part-time or temporary workers and working-class women. The flexibilisation of work and creation of greater numbers of unprotected workers in the last quarter of a century has served to amplify these dynamics although, noticeably, women workers are now much more likely to be members of a pension scheme than in the past. Radical politics and dissent from investment that recognises these cleavages and antagonisms cannot be reduced to the language of class.

Furthermore and also of great significance for dissent from investment, a highly significant change is well underway in single-employer occupational pension provision itself. 'Defined benefit' (DB) or 'final salary' occupational pension schemes are being replaced by 'defined contribution' (DC) or 'money purchase' funds. DC plans are also known as '401(k)s' in the US as they commonly use the 401(k) tax code. This is a shift that gradually took hold in the US in the 1980s and accelerated through the 1990s (Mitchell and Schieber 1998), whilst taking the form of the 'final salary crisis' from the turn of the millennium in the UK (Langley 2004a). Both DB and DC schemes translate tax-favoured contributions by employees and sponsoring employers into collective holdings of equities, bonds and other financial instruments. While the scale and ratio of employer and employee contributions varies across both DB and DC, it is difference in terms of benefits/returns and responsibility that primarily distinguishes the two types of fund. As UK Government Actuary Chris Daykin (2002: 10-11) summarises, DB arrangements 'offer benefits which are either specified in absolute terms or are calculated according to a prescribed formula, usually based on [final] salary or period of service or both'. DC schemes 'offer no particular commitment regarding the benefit to be paid, which is dependent on what is paid in by way of contributions. Contributions are invested and the benefit reflects the results of that investment'. The up-shot of the move from DB to DC, especially alongside on-going attempts to minimise state-based pension provision, is an individualisation of responsibility and risk in saving for retirement that turns on the making of responsible investor subjects (Langley, forthcoming A). Members of a DC scheme are responsible for their own investment decisions and typically choose from a range of mutual funds, and the contribution of the scheme to their retirement income is determined solely by the returns from that investment.

In terms of dissent from investment, what is notable about the move to DC is the manner in which it at once reinforces and rearticulates the highly differentiated experiences of workers in occupational pensions. Perhaps to a greater extent than at any time since the early 1960s, workers who are members of DB schemes that offer collective insurance for old age guaranteed by employers are the exception rather that the rule. As others have suggested more broadly, the process of individualisation necessarily entails the disintegration of previously existing collective social forms such as class, family and welfare (Bauman 2001; Beck and Beck-Gernsheim 2001). Although class politics clearly does not evaporate with the move to DC, further ambiguities are certainly introduced into dissent from investment in general, and the specific assumption of a unified working-class interest looks increasingly outmoded and anachronistic. Gill (1997: 70 *original emphasis*), in effect, provides a response to this charge when he suggests that 'what is still needed are attempts to raise the awareness of *all* pension contributors/holders as to what is, or might be, really happening to their life savings, and to alert them to the potential dangers of their savings being linked to many of the exotic financial instruments'. The high-profile campaigns of pension fund activists such as the trustees at CalPERS do indeed 'raise awareness', but the individualisation of responsibility and risk that is carried forward by the shift to DC presents a further problem for a politics of resistance that summons up a unified working-class interest. Retirement is presently represented as a technical problem to be solved by the individual who calculates, embraces and bears financial market risk through investment practices during their working life. Put differently, our confrontations with the uncertainty of future retirement are immediately depoliticised and no longer elusive or contested once they become anchored in the realm of risk and individual investment. At the very moment that pension fund socialism opens up and re-politicises pension fund investment, the ontological primacy given to class simultaneously closes down consideration of the multiplicity of actual and potential forms taken by dissent from investment.

As I have argued elsewhere (Langley, forthcoming B), the investor subjects assembled through the individualisation of pension provision and wider moves towards so-called 'asset-based welfare' are necessarily 'uncertain subjects'. Contradictions such as the inability of investment - as a technology that (self)governs through the calculative prism of 'risk' – to overcome future uncertainty ensure that the making of the 'the investor' is highly contingent and can never be completed. We are reminded, then, that subjects are simultaneously and at once vehicles of discourses of disciplinary power and the means by which those discourses are rendered fragile and vulnerable (cf. Amoore, forthcoming). Put differently and in the terms of Michel de Certeau (1984), resistance is always present in everyday life as the 'marginal majority' undertake multiple tactics of discursive dissent. While an individualisation of responsibility and risk de-politicises pensions, it also presents the prospect of alternative forms of everyday dissent that interfere with this rationalisation, challenge what it means to be 'an investor', and thereby contribute to the re-politicisation of investment. This is not, of course, unproblematic. At present, dissent from financial market investment on both sides of the Atlantic includes 'investment' in residential property, as individuals perceive their retirement and financial interests to be best served by 'trading up' and/or by participating in the 'buy-to-let' market.

The individualisation of responsibility for pension fund investment also brings with it feelings of vulnerability, anxiety, selfishness and hostility towards others. Representations of the individualisation of responsibility for investment as empowerment present, for instance, in the 'ownership society' discourse that has accompanied President George W Bush's drive to partially privatise Social Security, are clearly wide of the mark (Soederberg 2005). There is a temptation, then, to view individualisation as necessarily the enemy of (working-class) collectivism in dissent from investment. For Greider (2005), for example, California Governor Arnold Schwarzenegger's recent proposals to break up CalPERS by offering public employees DC accounts would disperse 'its financial power' and dilute 'its ability to exercise reform leverage'. However, the intensified subjectivisation of power carried through processes of individualisation can be seen to create opportunities for immanent dissent that may become connected in unpredictable but potentially progressive ways. Individuals are not just the 'passive dupes' or 'docile bodies' of power. Just as practices are called for to invest more effectively in order to provide for retirement by, for example, diversifying a portfolio into high-risk 'emerging market' equities, so is the door left open to similarly individualised practices that may generate a collective force for compassion and solidarity.

One notable example in this regard are the so-called 'ethical investment' practices that, in many ways, parallel the ETIs pursued by some multi-employer and public pension funds. Ethical investors draw on the legacy of many civic associations, most notably churches and universities, that have sought for centuries to avoid investment in, for example, the production of alcohol. An ethical investor will typically chose from a menu of mutual funds that have been 'screened' and branded according to various 'positive' or 'negative' criteria, the former enabling investment in companies that, for example, are involved in recycling and conservation, and the latter leading to the avoidance of companies linked, for example, to the arms trade. Stock market indices such as FTSE4Good provide, meanwhile, a touchstone and benchmark for the performance of ethical investments. Dedicated websites and publications have also developed in support of ethical investment.[6] $1 in every $8 invested in the US in 1998 made use of socially and environmentally responsible investment vehicles (Hebb 2001: 5). Ethical investment practices certainly transform everyday experiences of investment in important ways and may indeed contest the assumption that principles are necessarily sacrificed in order to make a profit. As Becker and McVeigh (2001), for example, are keen to stress, there is little evidence that ethical investments under-perform relative to the market in general. That the first concern of proponents is almost always to put to rest the assumption that investing in an ethical manner necessarily reduces returns is, however, highly revealing. Tactics of ethical

[6] See, for example, http://www.socialfunds.com/

investment do not question the dominant representation of investment as rational and as integral to a secure and autonomous life, but add moral bells and whistles to investment as self-care and collective gain.

It is precisely the rational and scientific character of investment that is called into question when it is parodied in art and comedy. Marieke de Goede (2005b), for example, details two examples of carnivalesque dissent that appeared on the internet during the later stages of the new economy boom. First, respected Dutch investors website iex.nl produced an April fool in 2000 that announced an initial public offering by F/Rite Air, a California biotech company. Within a few hours, iex.nl received pledges of 15 million Dutch guilders (roughly 7 million euros) from interested investors who did not even bother to request a company brochure. Later the same day, iex.nl announced that F/Rite Air did not exist, and that 'Fried Air' (Dutch for hot air) was a comical critique of the investment climate that prevailed at the time. Second, launched in 1998, the website iTulip.com was dedicated to the sale of its own stock certificates and featured accounts of past financial crises alongside more recent quotations from business and government leaders that herald the new economy. As de Goede (2005: 386-7) summarises, 'Both jokes provide sharp commentary on the eagerness and greed of investors; both spoof the culture of financial media and expertise by offering a product for sale that follows the logic of the new economy to absurdity'. Not dissimilarly, Rita Raley (2005) brings together a wide range of artists' representations of the hyper-mobility and velocity of investment capital flows to suggest that they interrupt and make strange typical assumptions of patterned rationality. Ergin Cavuşoglu's contribution to British Art Show 6, a multi-channel video installation of black market currency traders in an Istanbul bazaar, also seeks, for example, to challenge the borders between public/private, visible/invisible and legitimate/contraband that operate in finance.[7] Although comedy and art may not expressly profess a wish to overthrow investment or hold out a blueprint for the future, then, they may nevertheless provoke a questioning and disturbance of the meaning and purpose of 'investment'.

Concluding Remarks

Confronted by financial power and pension fund capitalism, advocates of pension fund socialism ground dissent from investment in a series of identity-claims that create a unified collective working-class opposition to finance capital. In this paper I have shown, however, that dissent from investment is far more uncertain and ambiguous than tends to be assumed by advocates of pension fund socialism. The ambiguities arise in large part from the very absence of a singular working-class interest in pension fund investment. Such a reading will not sit well with pension fund activists and many scholars of finance who, like advocates of pension fund socialism, offer calls for financial resistance that suggest that omnipresent financial power requires united hostility to realise a consistent and coherent alternative (cf. de Goede 2005). Often implicit within this activism and scholarship is the assumption that to deny a singular working-class interest and the possibility of 'a great refusal' is to somehow collapse in the face of financial power. That said, these issues are discussed with particular insight by Laclau and Mouffe (1985) and revisited more recently by Butler, Laclau and Žižek (2000). As the latter put it, 'new social movements often rely on identity-claims, but "identity" itself is never fully constituted; in fact, … identification is not reducible to identity' (p. 1). There is an antagonism or incommensurability between identification and identity. As they also stress, however,

[7] See http://www.hayward.org.uk/britishartshow6/

‘It does not follow that the failure of identity to achieve complete determination undermines the social movements at issue’ (p. 1-2). We should not fear ‘failure’, but instead need to ‘value this “failure” as a condition of democratic contestation itself’ (p. 2). As the conversations between Butler, Laclau and Zizek themselves illustrate, agreement over how precisely we should theorise the ‘subject’ of the dissent of investment is not necessary in order for there to be a shared commitment to radical forms of politics. As I have also shown in this paper, then, the absence of a unified working-class interest should not be taken as the end of dissent from investment, far from it.

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