

NUCLEAR SPENDING, CORPORATIONS AND SCIENTIFIC RESEARCH

“At a time when the international community is facing unprecedented global challenges, parliamentarians can take on leading roles in ensuring sustainable global security, while reducing the diversion of precious resources from human needs. As parliaments set the fiscal priorities for their respective countries, they can determine how much to invest in the pursuit of peace and cooperative security.”¹⁴¹

UN Secretary-General **Ban Ki-moon**, Letter to all parliaments, February 2010

A recent study by the Ploughshares Fund estimates that the United States will spend around US\$ 700 billion on its nuclear weapons over the next decade (2012-2022). A 2008 study by the Carnegie Endowment – on which the Ploughshares estimate was largely based – estimated the US nuclear weapons budget for that year to be roughly US\$ 52 billion. The international movement Global Zero recently released a report which found that in 2011 the nuclear-weapon-possessing States collectively spent approximately US\$ 100 billion on their nuclear programmes and that spending will top US\$ 1 trillion over the next decade (2012-2022).¹⁴²

Banking on the bomb

An ICAN report identifies 20 major nuclear-weapon producers and more than 300 banks, insurance companies, pension funds and asset managers from 30 countries that invest significantly in corporations producing nuclear-weapon systems. How should parliaments deal with this sector, which has a vested interest in continuing high spending on nuclear weapons?

Much of this money goes to private companies awarded contracts to manufacture, modernize and maintain nuclear weapons and their delivery vehicles. US President Eisenhower's warning 50 years ago of the threat of the "military-industrial complex" (a formidable union of the armed forces and defence contractors) to democratic government has arguably come true. A recent ICAN report identifies 20 major nuclear-weapon producers, and more than 300 banks, insurance companies, pension funds and asset managers from 30 countries that invest significantly in these corporations.¹⁴³ In addition, scientific research into the development and maintenance of nuclear weapon systems robs such intellectual activity from the areas of health, social and economic need.

Against the backdrop of increasing budgetary austerity and widespread cuts in health and social spending, such allocations for weapon systems appear not only exorbitant, but also counter to the economic and social needs of nation States and the international community. The **biennial** UN Core Budget, for example, is only US\$ 5.1 billion (2012/2013) – or 5 per cent of the **annual** global nuclear weapons budget.

An equally, if not more important, issue is that no one knows, or ever has known, what nuclear weapons really cost, which makes reliably predicting future expenditure (or savings from future cuts) exceptionally difficult. The nuclear-weapon-possessing States have never tracked nuclear-weapon-related spending comprehensively, making it difficult to engage in effective oversight and weigh priorities in nuclear security policy.

As Stephen I. Schwartz, of the James Martin Center for Nonproliferation Studies at the Monterey Institute of International Studies, notes with regard to US nuclear weapons spending:

*"The problem is not (...) that the government 'has never officially disclosed the exact cost,' it's that no one knows the exact cost because all the relevant data have never been collected and analyzed. For a program that has consumed an estimated \$8.7 trillion (in inflation-adjusted 2010 dollars) since 1940, making it the third most expensive government program of all time, that is simply unacceptable, and it should be unacceptable whether one believes current and proposed future spending is too much or too little."*¹⁴⁴

In some of the nuclear-weapon-possessing States, parliamentarians have endeavoured to re-order budget priorities and address the lack of transparency in nuclear weapons budgets. In addition, in some instances parliaments have been able to halt the development of new types of nuclear weapons through their oversight function.

A key lobby for continued nuclear-weapon spending is the corporations securing the lucrative contracts to produce the weapons. Parliamentary oversight in nuclear-weapon States can provide some control on cost over-runs and inefficiencies. Parliaments in some non-nuclear-weapon States have taken more significant action, including divesting public funds from such corporations.

The opportunity-cost of militarism

“Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and not clothed. This world in arms is not spending money alone. It is spending the sweat of its laborers, the genius of its scientists, the hopes of its children. This is not a way of life at all in any true sense. Under the cloud of threatening war, it is humanity hanging from a cross of iron.”

Dwight D. Eisenhower, from a speech before the American Society of Newspaper Editors, 16 April 1953.

Good Practice**NWPS****Examples****A. Funding cuts for nuclear bunker busters**

Stopping new generations of nukes

B. “Freeze the Nukes – Fund the Future” / SANE Act

Re-ordering budget priorities and enhancing national security

A**Funding cuts for nuclear bunker busters****Stopping new generations of nukes**

The 2002 United States Nuclear Posture Review called for the “development of new nuclear weapons”¹⁴⁵ to deal with deeply buried, hardened targets. In response to the caves, tunnels and bunkers encountered in the “war on terror” in Afghanistan, in 2002 the Bush Administration asked Congress to fund research on the Robust Nuclear Earth Penetrator (RNEP), also known as the “nuclear bunker buster”.

In 2003, at the request of the Bush Administration, the US Congress repealed a prohibition of research and development of “low-yield” nuclear weapons (also known as “mini nukes”), which had been in place since 1993, in order to allow work on RNEP.

The RNEP programme drew widespread criticism from civil society groups, former military officials, and both Democratic and Republican legislators. They argued that for a nuclear bunker buster to be effective, it would need a “high-yield” nuclear warhead, which would cause massive, uncontrollable nuclear fallout. Critics were also worried that having nuclear earth penetrators in the arsenal could lower the threshold for use of nuclear weapons, including against non-nuclear-weapon States. In addition, many lawmakers were concerned that the development of new types of nuclear weapons would send the wrong message to the global community and hinder international non-proliferation and disarmament efforts. As Democratic Congressman Ed Markey noted, “If we are to convince other countries to forgo nuclear weapons, we cannot be preparing to build an entire new generation of nuclear weapons here in the US.”¹⁴⁶

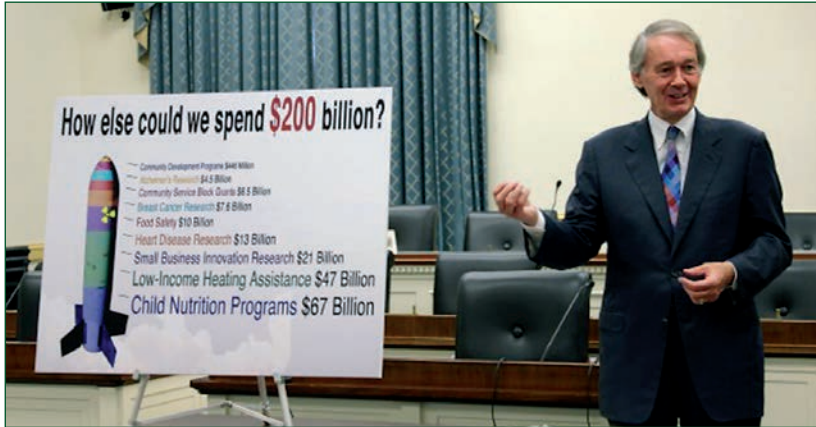
Moved by these concerns, in 2004, members of the US Congress reached across the political aisle and cut bunker-buster funding. A year later, a bipartisan coalition of appropriators, led by Republican Congressman David Hobson, once more denied the Administration's request for RNEP funding. Hobson stressed that the Bush Administration "should read this as a clear signal from Congress" that any attempt to revive the funding in the 2006 budget "would get the same reaction". No more funding requests were submitted in subsequent years, and the programme was thus effectively shut down.

B**"Freeze the Nukes – Fund the Future" / SANE Act****Re-ordering budget priorities
and enhancing national security**

On 11 October 2011, US Congressman Ed Markey (Co-President, Parliamentarians for Nuclear Non-proliferation and Disarmament) called on the US Joint Select Committee on Deficit Reduction (Super Committee) – tasked with determining budget cuts to address US debt – to cut the nuclear weapons budget before slashing vital programmes for seniors, families and the most vulnerable.

At a press conference presenting the Joint Congressional Letter to the Super Committee, Congressman Markey was joined by national security experts and health and seniors advocates, including Lt. General Robert G. Gard, a leading expert on nuclear non-proliferation and national security issues, who said, "Representative Markey's proposal is not only militarily responsible but it also would enhance U.S. national security."¹⁴⁷ Congressman Markey, a member of the Natural Resources Committee and senior member of the Energy and Commerce Committee, stated, "With enough nuclear firepower to blow the world up 5 times over, the real choice is between continuing to spend billions on weapons we no longer need and cannot afford or funding programs that put us on the path to a more prosperous future."¹⁴⁸

On 8 February 2012, Congressman Markey followed up on his Freeze the Nukes – Fund the Future initiative by introducing legislation that would cut US\$ 100 billion over the next 10 years from the US nuclear weapons budget. The Smarter Approach to Nuclear Expenditures (SANE) Act of 2012, which was co-sponsored by 34 members of Congress, would cut



Source: markey.house.gov

Congressman Ed Markey presenting his “Freeze the Nukes - Fund the Future” proposal.

Freeze the Nukes – Fund the Future

“The Berlin Wall fell. The Soviet Union crumbled. The Cold War ended. Yet 20 years later, we continue to spend over \$50 billion a year on the U.S. nuclear arsenal. This makes no sense. These funds are a drain on our budget and a disservice to the next generation of Americans. (...)

We call on the Super Committee to cut \$20 billion a year, or \$200 billion over the next ten years, from the U.S. nuclear weapons budget. This cut will enable us to stay safe without further straining our budget. This cut will improve our security. This cut will allow us to continue funding the national defense programs that matter most.

Consider how this saving compares to vital programs on which Americans rely. We spend approximately \$20 billion per year on Pell Grants to help students pay for college. We spend \$5 billion to ensure that Americans do not freeze in their homes during the winter. We need to freeze our nuclear weapons, and fuel our stalled economy. (...)

The Super Committee should not reduce funding to vital programs relied upon by millions of Americans. Cut Minuteman missiles. Do not cut Medicare and Medicaid. Cut nuclear-armed B-52 and B-2 bombers. Do not cut Social Security. Invest in the future, don’t waste money on the past.”

Joint Congressional Letter to the United States Super Committee, October 2011.

specific nuclear weapons and related programmes and make US nuclear-weapon forces the right size for the 21st century. “The SANE Act will cut spending on outdated, wasteful nuclear weapons and related programs over the next ten years and will strengthen our long-term economic and national security,” Congressman Markey noted.¹⁴⁹

Specifically, the SANE Act would:

- cut the current fleet of nuclear submarines from 12 operational at sea to eight operational at sea (**US\$ 3 billion in savings**);
- delay the purchase of new nuclear submarines (**US\$ 17 billion in savings**);
- reduce the number of ICBM (**US\$ 6 billion in savings**);
- end the nuclear missions of air bombers (up to **US\$ 17 billion in savings**);
- delay new bomber programmes (**US\$ 18 billion in savings**); and
- cancel new, wasteful nuclear weapons facilities (**US\$ 15 billion in savings**).

Congressman Markey’s initiatives in the US Congress effectively demonstrate how parliamentarians can re-order budget priorities, raise awareness of and address the disquieting disparity between military and social and health spending, and aim to realign military capabilities with today’s threats.

Recommendations for Parliamentarians

- Call for increased transparency of nuclear weapon spending and request from your government comprehensive, unclassified (and classified) annual accounting of all nuclear weapon-related expenditures.
- Pursue reductions in nuclear weapons budgets to enhance national security and re-order budget priorities towards achieving social and health objectives.
- Place greater emphasis on programmes that secure and prevent the proliferation of nuclear weapons, material, technology and expertise, as well as cooperative confidence-building programmes that pursue arms control and disarmament measures, and reprioritize budgetary allocations accordingly.

Good Practice**ALLIES OF NWS****Examples****A. Divestment from nuclear-weapon corporations**

Investing in accordance with international obligations

A**Divestment from nuclear-weapon corporations****Investing in accordance with international obligations**

The Norwegian Government Pension Fund (Global, formerly known as the Government Petroleum Fund) is the world's second largest sovereign wealth fund and the repository of the Norwegian people's excess oil and natural gas wealth.

In 2002, a governmental committee (the Graver Committee) was established and tasked with proposing ethical guidelines for the Fund. The Committee's report and subsequent discussions in the Norwegian Stortinget (Parliament) led to the adoption of the Ethical Guidelines for the Fund by Parliament in November 2004. In addition, a Council on Ethics for the Fund was established.

At the core of the Ethical Guidelines lies the belief that the Fund should not make investments that carry an unacceptable risk that the Fund may contribute to unethical acts or omissions, such as violations of fundamental humanitarian principles, serious violations of human rights, gross corruption or severe environmental damages.¹⁵⁰

The criteria set out in the Guidelines prohibit investment in companies which themselves, or through entities they control, produce weapons whose normal use violates fundamental humanitarian principles,¹⁵¹ produce tobacco or sell weapons or military material to Myanmar.

Although other countries have adopted similar divestment policies,¹⁵² at the time Norway's scheme was unique in that it included divestment from companies involved in "the development and production of key components for nuclear weapons".¹⁵³ This is based on the Guidelines' provision that the Fund shall not invest in companies that produce weapons that "violate fundamental humanitarian principles through their normal use".

The Graver Committee and the Norwegian Stortinget considered that nuclear weapons and cluster munitions, though not indisputably prohibited under international law, might be considered to violate fundamental humanitarian principles, and should thus also fall under the Fund's divestment scope. The exhaustive list of weapons that were considered to violate humanitarian principles includes: chemical and biological weapons, blinding laser weapons, munitions with fragments not detectable by X-ray, incendiary weapons as referred to in the UN Conventional Weapons Convention, anti-personnel mines, cluster weapons and nuclear weapons.

The conclusion of the Graver Committee and the Stortinget that the Fund should not invest in companies that “develop and produce key components for nuclear weapons” has been interpreted by the Council as encompassing more than just the actual production of nuclear warheads. The exclusion criterion includes delivery mechanisms, such as missiles carrying the warhead (ICBM), certain forms of testing as well as maintenance of nuclear weapons.

Nuclear divestment in New Zealand

In New Zealand, a coalition of members of parliament and NGOs approached the Government Superannuation Fund and requested that it follow the Norwegian example by divesting from corporations involved in unethical enterprises.

The Fund responded initially by divesting from corporations involved in the production of anti-personnel landmines and whale meat – two items prohibited in New Zealand. However, so far, the Fund has resisted the call to exclude from its investment portfolio other “unethical” corporations, including those involved in the manufacture of nuclear weapons or related components.

In line with this demarcation, since 2005, 10 international companies have been excluded from the Fund's portfolio, on the grounds that they were involved in the development and production of key components for nuclear weapons.¹⁵⁴

The potential effects of ethical guidelines for investment policies, such as those adopted by Norway, should not be underestimated. Such divestment can affect the behaviour of both corporations and investors. Furthermore, public divestment policies and ethical guidelines for public funds can help shape international public opinion by further stigmatizing certain instruments, products and behaviour.

Good Practice**NON-NWS****Examples****A. Parliamentary resolution supporting UN Secretary-General's nuclear disarmament plan**

Channel nuclear weapons spending towards the Millennium Development Goals

A

Parliamentary resolution supporting UN Secretary-General's nuclear disarmament plan

Channel nuclear weapon spending towards the Millennium Development Goals

On 5 April 2010, the Bangladesh Parliament unanimously adopted a resolution giving “full support to the Bangladesh government to advance the UN Secretary-General’s nuclear disarmament plan and especially the proposal for negotiations to conclude a Nuclear Weapons Convention”.¹⁵⁵ Introduced by Saber Chowdhury (Member of Parliament, President of the IPU’s First Standing Committee on Peace and International Security), the resolution urged all governments and national parliaments to support the Secretary-General’s plan. It further noted “that the US\$ 100 billion spent annually on nuclear weapons should be channelled instead towards meeting the UN Millennium Development Goals as well as the urgent climate change adaption funding needs of the most vulnerable countries.”¹⁵⁶

Recommendations for Parliamentarians

- Pursue ethical investment schemes to ensure that public funds are divested from companies involved in unethical practices, including the manufacture of nuclear weapons or their components.
- Draw attention to the economic dimensions of the global nuclear weapons complex and call on NWS and nuclear-sharing States to redirect nuclear weapons expenditure to meeting crucial development and environmental objectives.