

STOP investments in mass incineration & famine

Despite the global economic crisis and budget cuts, nine nations continue to make plans to squander hundreds of billions of dollars to 'modernize' nuclear warheads and missiles and the vehicles which deliver these weapons of mass incineration. **TIM WRIGHT** reports on the urgency for a global campaign to divert investments away from maintaining and producing nuclear weapon and to build momentum for a universal ban on manufacturing nuclear weapons.

Though the Cold War ended more than two decades ago, the nuclear arms race continues unabated. Every day nine nations together squander close to US\$300 million to produce and modernise nuclear warheads and the missiles, submarines and bomber planes that deliver them.¹ Much of this work is intended to make old nuclear weapons more 'usable,' a horrifying concept considering that any use of nuclear weapons would cause 'catastrophic' humanitarian harm, as the nuclear powers have themselves acknowledged.²

In the cases of India and Pakistan, 'improvements' being made to their nuclear arsenals are quantitative. These neighbouring foes are engaged in a perpetual game of one-upmanship, effectively holding their own citizens and countless millions beyond their borders to ransom. A regional nuclear war in South Asia, involving less than 0.5% of the world's nuclear

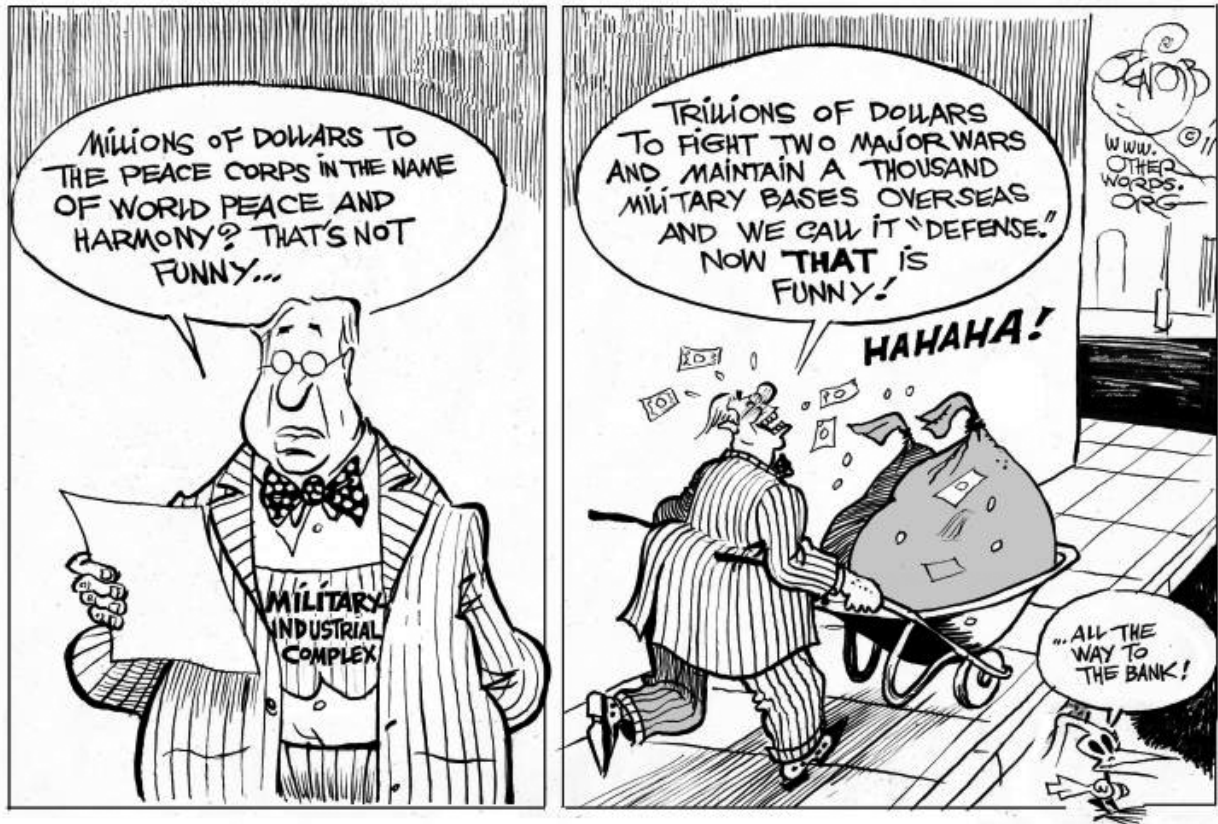
arsenal, would cause tens of millions of immediate deaths, as well as global climatic disruption and widespread agricultural collapse, with well over a billion people at risk of famine, according to the 2012 report by International Physicians for the Prevention of Nuclear War.³ Epidemic disease and conflict caused by such a famine would put hundreds of millions more at risk. This report calls for further studies to confirm the predicted declines in food production following a regional nuclear war and the need to move speedily to a convention to ban these weapons.

In the other nuclear-armed nations, the improvements to arsenals are mostly qualitative: while the number of warheads in the stockpiles remains unchanged, their 'usability,' longevity and destructive potential are greatly enhanced. The United States leads the world in modernizing nuclear weapons. It is

poised to embark on a massive overhaul of its entire arsenal, the largest to date, at a cost of at least US\$352 billion over the next decade.⁴ Current spending on its nuclear weapons program is already more than that of all other nuclear-armed nations combined, and twice

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as much as its contribution to overseas development aid.⁵

Russia is responding in kind to America's modernisation by upgrading and extending the service life of its nuclear-armed heavy bombers and developing a new fleet of nuclear-armed submarines. France is spending billions of euros to equip its newly deployed Triumphant-class submarines with new M51 ballistic nuclear missiles. And the British government, despite across-the-board budget cuts, appears intent on investing over £100 billion in a new fleet of

nuclear-armed submarines with improved warheads and missiles.⁶

In at least four nuclear-armed nations, the United States, Britain, France and India, corporate actors are heavily involved in producing and modernizing nuclear weapons. They receive contracts from governments to design and construct new warheads and delivery vehicles. It is a lucrative, multi-billion-dollar business. In most cases, the companies involved in this work are listed on public stock exchanges and

have large numbers of institutional and individual investors.

This is not in any way a legitimate enterprise. The catastrophic humanitarian and environmental effects of nuclear weapons, and their incompatibility with fundamental principles of international law, are well understood. No reputable bank, insurance company, investment manager or superannuation fund should invest in any company involved in nuclear weapons production. By denying credit to these companies and disposing of shares held in them, financial institutions can send a powerful message to the company directors that their work in this field will not be tolerated.

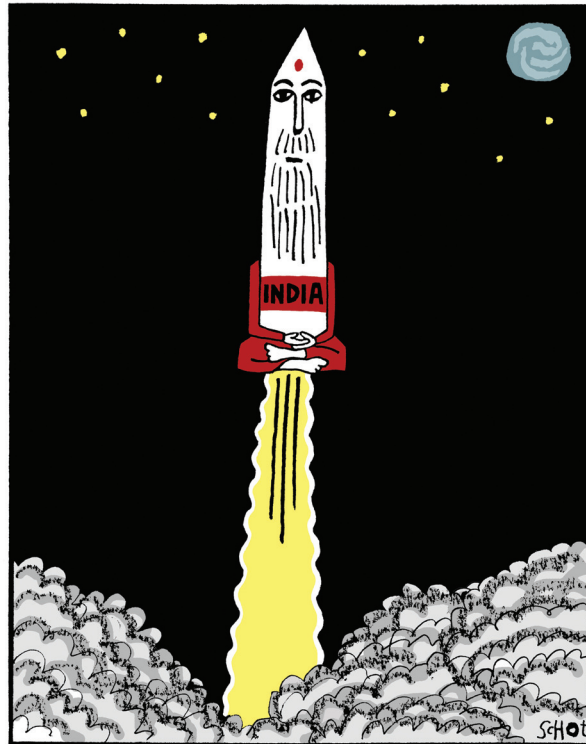
In March 2012, the International Campaign to Abolish Nuclear Weapons published a major report, *Don't Bank on the Bomb: A Global Report on the Financing of Nuclear Weapons Producers*, identifying 20 companies that are heavily involved in nuclear weapons production and more than 300 financial institutions in 30 countries that invest in these companies.¹ We are calling on individuals and organisations to pressure their banks, governments and pension funds to end their support for the nuclear weapons industry by diverting investments from deadly nuclear projects to life-supporting, ethical activities. Hiroshima survivor and ICAN campaigner Setsuko Thurlow wrote in the report: Anyone with a bank account or pension fund has the power to choose to invest his or her

money ethically, in a way that does not contribute to this earth-endangering enterprise. We must each speak out and take action. If we allow this industry to continue unimpeded, we are in a sense accepting that nuclear weapons will one day be used again. Any such use would have catastrophic consequences. I urge concerned citizens everywhere to do everything in their power to prevent such a disaster.⁸

Half of the 20 nuclear weapons companies listed in the report are based in the United States: Alliant Techsystems, Babcock & Wilcox, Bechtel (a private company), Boeing, GenCorp, General Dynamics, Honeywell International, Jacobs Engineering, Lockheed Martin and Northrop Grumman. Some are in charge of major nuclear weapons facilities, including the Pantex plant of the National Nuclear Security Administration and the Los Alamos and Lawrence Livermore national laboratories. Others carry out 'life-extension' work on D5 and Minuteman III intercontinental ballistic missiles.

In the United Kingdom, Jacobs Engineering, Lockheed Martin and Serco Group each own a one-third share in the consortium that runs the Atomic Weapons Establishment, where British nuclear warheads are designed and manufactured. BAE Systems, Babcock International and Rolls-Royce are part of a joint venture to develop a new class of nuclear-armed submarine for Britain. In continental Europe, EADS (Netherlands), Finmeccanica (Italy), Safran (France) and Thales (France) produce French nuclear missiles. In India, Larsen & Toubro is involved in designing and constructing nuclear-armed submarines.⁹

These companies rely on the support of their shareholders and creditors. While it is unlikely that divestment by a single financial institution would create sufficient pressure on a company to compel it



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Desmond Tutu, Nobel Peace prize winner

to end its involvement in nuclear weapons work, divestment by multiple institutions based on the same ethical objective could have a significant impact on the company's strategic direction. If institutions sold their shares en masse, redirecting their funds towards less risky investment options, the directors of those companies might decide to reduce their reliance on nuclear weapons contracts and expand into other areas. In recent years, many financial institutions globally have taken steps to divest from companies that manufacture another type of inhumane weapons: cluster munitions, pernicious devices that kill and maim mostly civilians.¹⁰ They are prohibited under the Convention on Cluster Munitions, which entered into legal force in 2010. While the treaty does not expressly forbid investments in cluster-bomb makers, a large number of financial institutions have nonetheless felt a responsibility, and in some cases were compelled by their governments, to make sure they are not providing indirect support to the cluster-bomb industry.

The same should happen with nuclear weapons. They are the most destructive, inhumane and indiscriminate instruments of mass murder ever created. Through their ordinary use, they cause catastrophic, long-term harm to people, our societies and shatter the earth's interconnected ecosystems on which all life depends. Nuclear weapons violate the laws of war, which forbid use of weapons with uncontrollable effects, and their very existence is a constant threat to people everywhere. Also, nations have a legal obligation to negotiate in good faith for the complete elimination of their nuclear arms.¹¹

Divestment is not only an ethical imperative, it also makes good business sense. By investing in nuclear weapons companies are potentially harming their public image, particularly in nuclear-free states like

Aotearoa New Zealand where public opinion is overwhelmingly against nuclear weapons. If institutions refuse to divest, they risk being the target of consumer boycotts. Moreover, the nuclear weapons industry is inherently risky, carrying a real danger of major accidents involving radioactive contamination.

By ending their support for this industry, financial institutions can contribute positively to a nuclear-weapon-free world, making their employees proud and giving them a competitive edge over companies that choose not to divest. As Nobel Peace Prize-winning anti-apartheid leader Desmond Tutu wrote in the foreword to *Don't Bank on the Bomb*:

*Banks and other financial institutions should be called upon to do the right thing and assist, rather than impede, efforts to eliminate the threat of radioactive incineration by divesting from the immoral nuclear arms industry.*¹²

Government-owned funds must also 'do the right thing' and divest from nuclear weapons. In 2005 the Norwegian government excluded seven international companies from its petroleum fund on the grounds that they 'develop and produce key components for nuclear weapons.'¹³ This is the largest instance to date of nuclear weapons divestment by a government. Gro Nystuen, chair of the ethics committee that oversees the fund's investments, reflected in 2011:

*[I]t seems clear that the publicity generated by a decision to disinvest on ethical grounds does have an impact ... [the fund's] criteria and concrete exclusions hopefully contribute to an increased awareness concerning these issues among investors, both private and public.*¹⁴

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The New Zealand government superannuation fund has divested from two companies because of their involvement in nuclear weapons testing: Lockheed Martin and Honeywell International. In 2008 it issued a report explaining its decision:

*Successive governments have taken a strong stance on eliminating nuclear testing. In addition, testing (simulated or real) is crucial to the development of a nuclear explosive device. We concluded that we would exclude such companies from the fund's investment universe and divest from any current holdings.*¹⁵

However, the fund continues to invest in Larsen & Toubro, Serco, Safran, Finmeccanica, Boeing and BAE Systems,¹⁶ all of which are involved in nuclear weapons work. A broader exclusion policy should be adopted.

Governments have a responsibility to their citizens, and financial institutions a responsibility to their customers to ensure they are not in any way aiding the development of nuclear weapons or impeding nuclear disarmament. A co-ordinated global campaign for nuclear weapons divestment is urgently needed: to halt modernisation programs, to strengthen the international will against nuclear weapons, and to build momentum towards negotiating a universal ban. This is a humanitarian and environmental imperative. We must not await another Hiroshima or Nagasaki before acting.

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